

336.24  
Un 3h  
1951

# Household Employer's

*Instructions for the reporting and pay-  
ment of employer and employee taxes on  
the wages of household employees, such as:*

MAIDS  
LAUNDRESSES  
COOKS  
HOUSEKEEPERS  
GARDENERS  
JANITORS  
FURNACEMEN  
HANDYMEN  
PRACTICAL NURSES  
GOVERNESSES  
VALETS  
BUTLERS  
CHAUFFEURS

## SOCIAL SECURITY TAX GUIDE

and other workers who perform services of a household nature in or about  
the private home of the employer (other than on a farm operated for profit).

---

ISSUED BY THE BUREAU OF INTERNAL REVENUE, U. S. TREASURY DEPARTMENT  
CIRCULAR H

EFFECTIVE JANUARY 1, 1951

THE LIBRARY OF THE

NOV 18 1952

UNIVERSITY OF ILLINOIS

1-5285  
REV. 11-51  
1951

Calendar for Household Employers  
Whose Employees Meet the \$50—24-Day Test  
Described on Pages 3 and 4

*On January 1, 1951, or when hiring new employees thereafter*

Make a written record of each employee's name and social security account number. If possible, copy the name and account number from the employee's social security account number card. (See pages 6 and 7.)

*On each payment of cash wages to an employee*

An employee tax of  $1\frac{1}{2}$  percent is deductible from each wage payment. (See pages 5 and 6.)

*On or before each April 30, July 31, October 31, and January 31*

Send or take a tax return to the United States Collector of Internal Revenue, together with payment of the full amount of taxes due (if any) for the previous calendar quarter. (See page 7.)

*For 1951 and each year thereafter, or when an employee leaves*

Furnish to each employee a statement of wages paid and employee tax deducted during the year. (See page 11.)

---

Table of Contents

Sec. No.	Page No.	Sec. No.	Page No.
Social Security for Household Workers . . . . .	3	Specimen Form 942 and How To Fill It in . . . . .	8
1. The Taxes . . . . .	3	8. Payment of Taxes . . . . .	10
2. How To Determine Whether or Not the Taxes Are Due . . . . .	3	9. Correcting Mistakes . . . . .	11
3. What Are Taxable Wages . . . . .	5	10. Keeping Records . . . . .	11
4. Deducting Employee Tax . . . . .	6	11. Statements for Employees . . . . .	11
5. Optional Use of Whole Dollars . . . . .	6	12. Penalties . . . . .	12
6. Employee Account Numbers . . . . .	6	13. Table of Employee Tax Deductions . . . . .	13
7. Quarterly Returns . . . . .	7	14. Employer's Copies of Returns . . . . .	14



3:36.24  
Un-3.6  
1951

## *Social Security for Household Workers*

After many years of study, Congress and the President have approved the new Federal Social Security law, bringing *some* household workers into the old-age and survivors insurance system which already protects millions of Americans in other occupations.

For those household workers who are subject to the taxes and who meet the requirements of the new law, this government insurance provides:

—Monthly payments when they are old and work no longer.

—Payments to their families when they die.

This pamphlet, Circular H, provides information and instructions for employers of workers who perform services of a household nature on or after January 1, 1951, in or about the employer's private home (other than on a farm which is operated for profit).

The United States Collector of Internal Revenue will furnish, upon request, another pamphlet (Circular A) to employers who have workers on a farm which is operated for profit, or a pamphlet (Circular E) for other business employers.

*Geo. J. Schoeneman*

Commissioner of Internal Revenue.  
WASHINGTON, January 1951.

### *1. The Taxes*

Under the Social Security system, taxes are imposed by the Federal Insurance Contributions Act on both employers and employees. These taxes are sometimes known as "Federal Old-Age and Survivors Insurance taxes" or as "Social Security taxes." The employer tax and the employee tax are each 1½ percent of taxable wages paid, making a total of 3 percent.

The taxes apply to cash wages paid on or after January 1, 1951, for household services performed on or after that date, if such wages and services meet the \$50—24-day test described in the next section.

### *2. How To Determine Whether or Not the Taxes Are Due*

The new law applies only to household employees who work more or less regularly for the same employer. It does not apply to household employees who work for you for a few hours or days.

## *The \$50—24-Day Test*

A special test is provided by the new law to determine whether or not the wages of an employee are taxable.

The taxes apply to cash wages paid to an employee in a calendar quarter for household services, IF:

A. The employer pays the employee \$50 or more cash wages in the calendar quarter, AND

B. The employee performs household services on 24 or more different days in that quarter or on 24 or more different days in the preceding quarter.

The calendar quarters are as follows:

January–February–March;

April–May–June;

July–August–September;

October–November–December.

The \$50—24-day test applies separately to each household worker you employ. A part day counts as one day for the test.

Under the following circumstances no social security tax is due:

*Less than \$50 cash wages paid in quarter.*—If in any calendar quarter you pay less than \$50 cash wages to a household employee, no tax is due for the quarter on that employee's wages, regardless of the number of days worked.

*Less than 24 days worked.*—If the employee performed household service for you on less than 24 days in the quarter *and* did not perform such service for you on 24 or more days in the preceding quarter, no tax is due, regardless of the amount of wages you pay the worker in the quarter.

The following examples illustrate the way the tests work:

*Different employers.*—Suppose that a maid does not work for you every day, but performs household work for several different employers. She works for you 24 or more days during a quarter, and you pay her \$50 or more cash wages. Taxes are due on the cash wages you pay her, regardless of whether or not taxes are due on wages paid to her by other employers.

*Regular 2-day-a-week laundress.*—Suppose that your laundress works for you 2 or more days every week, which total 24 or more days in the calendar quarter. If you pay her \$50 or more cash wages in the quarter, her wages are taxable.

*Regular 1-day-a-week baby sitter.*—Suppose you hire a baby sitter only 1 day a week, or a total of only 13 days in a quarter. Her wages are not taxable regardless of the amount you pay her.



*Employees working different times.*—Suppose you have a maid 1 day a week, a cook 5 days a week, and a gardener once every 2 weeks. Only the cook's cash wages (if at least \$50) would be taxable because she is the only one who will have worked 24 or more days in the quarter.

*Different workers on same job.*—Suppose that you employ maids 5 days every week, but no one maid works for you on as many as 24 days in the quarter. Under these circumstances no wage payment in the quarter is taxable.

*Housekeeper leaves in first week of quarter.*—Suppose that a housekeeper works for you every day throughout one calendar quarter and until the end of the first week of the next quarter. At that time she quits her job and you pay her \$50 or more cash wages. The taxes are due on the wages you pay her at the end of her employment. Although she worked less than 24 days in the quarter in which she quit, she worked 24 or more days in the previous quarter.

No tax is due on amounts you pay to persons who are not your employees. Registered nurses, carpenters, painters, plumbers, repairmen, etc., if working for you as independent contractors are not your employees. If in doubt whether the taxes apply to any worker, request advice from the Collector.

### 3. *What Are Taxable Wages*

The taxes apply only to the cash wages of household employees. Checks, money orders, etc., are taxable in the same manner as cash. On the other hand, you should disregard the value of food, lodging, clothing, car tokens, and other noncash items which you furnish to household employees.

It is immaterial whether payments are based on the hour, day, week, month, or year, or on piecework.

The taxes do not apply to amounts paid by an employer to his or her mother, father, wife or husband, or to the employer's son or daughter under the age of 21.

If you pay an employee more than \$3,600 in a calendar year, the taxes apply only to the first \$3,600 you pay the employee in that year.

In reporting "cash wages" on your quarterly returns, show the full amount before tax was deducted. For example, if an employee's cash wages were \$50 but you deducted 75 cents as employee tax, you should still show \$50 cash wages on your return.

## 4. *Deducting Employee Tax*

The law intends that the employer should deduct the employee tax, at the rate of  $1\frac{1}{2}$  percent, from each payment of cash wages to an employee, if the employer expects the employee to meet the \$50—24-day test. At the time you make a cash wage payment to an employee, however, it is possible that you will not be sure the \$50—24-day test will be met. In that case you can use your own judgment whether or not to withhold the employee tax at that time. If you prefer to pay the employee tax without deducting it from the employee's wages, or if for some other reason you do not deduct employee tax from taxable wages, you are nevertheless required to pay the employee tax to the Collector of Internal Revenue. The combined amount of employee tax and employer tax, a total of 3 percent, is payable to the Collector in the manner explained in sections 7 and 8.

If you fail to deduct employee tax from a wage payment to an employee, or if you deduct less than the correct amount, you may adjust the error by deducting such tax from a later payment to the same employee. On the other hand, if you deduct employee tax when no tax is due, or if you deduct more than the correct amount, you should repay the employee.

If, in figuring the amount of employee tax to be deducted, you find a fraction of a cent, disregard the fraction if it is less than one-half cent. If the fraction is one-half cent or more, count it a full cent.

## 5. *Optional Use of Whole Dollars*

To make it easier to compute the tax, if you pay wages in dollars and cents, you may treat the nearest whole dollar as the amount of taxable wages. For example, if you pay any amount between \$4.50 and \$5.49, inclusive, you may treat \$5 as the taxable wage. A  $1\frac{1}{2}$  percent tax deduction table, based on whole dollars, is shown on page 13.

If you choose this method, you should use the same method in figuring employee tax deductions on all other taxable wages you pay during the quarter to your household employees and in reporting wages on your quarterly returns.

## 6. *Employee Account Numbers*

The Social Security Administration keeps a lifetime record of the amount of wages paid to each employee. The wage record of each



employee is identified by an account number. This is necessary to prevent mix-ups between workers with the same or similar names. An account number consists of nine digits separated as follows: 000-00-0000.

On January 1, 1951, and whenever you employ a household worker whom you expect to meet the \$50—24-day test, you should make a written record of the employee's name and social security account number. If possible, they should be copied exactly as they appear on the employee's account number card. Also record the employee's home address. If you report the employee's name and account number accurately, it will insure proper credit to the employee's social security account and save follow-up correspondence to identify these credits.

If an employee has no account number, he should get one by filling in Form SS-5 ("Application for Social Security Account Number"). This form may be obtained from the nearest field office of the Social Security Administration or, if there is no such office in town, from the post office. The completed Form SS-5 should be taken or sent to the nearest social security office, the address of which may be obtained at the post office.

If the employee has no account number card but has a receipt showing that he has made application for a card, ask the employee to show you the account number card as soon as he receives it. If the employee does not have an account number card in his possession, even though he may have been issued one, record his full name and address. Inform the employee of the importance of showing you his account number card in time to insure accurate reporting of wages.

## 7. *Quarterly Returns*

Beginning with the first calendar quarter in which an employer pays taxable wages to one or more household employees, the employer must file quarterly returns reporting the taxable wages, if any, paid in each quarter. The employer will use either Form 941 or Form 942, as follows:

a. Form 942 is a special, simplified form (printed on the back of a return envelope), which may be used by all employers of household workers as described in this pamphlet.

b. Form 941 is the regular form used by business employers. If an employer of household workers is already filing Form 941 for his business employees, he may include his household workers on Form 941, identified in the manner specified in the instructions on that form.

Once you start using either of these forms for household workers, you should not change forms without notifying the Collector.

## Employer's Quarterly Tax Return

(FEDERAL OLD-AGE AND EMPLOYMENT TAX)

This space is for your name and address. The Collector ordinarily stamps your name and address here before mailing the Form 942 to you. If incorrect, or if your address changes, draw a line through the error and write in the necessary correction.

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

Fill in one line for each household employee to whom covered by this return, if the employee worked for you more different days in the preceding quarter. Please use

Be sure to enter the account number correctly so that each employee's wages will be credited to the right account. If you don't know the number, write "Unknown" in this space and insert in the pocket of the return a sheet of paper showing the employee's name and address. (See section 6.)

Employee's Social Security Account Number

Name  
(PLEASE PRINT AS SHOWN ON SOCIAL SECURITY CARD)

000

00

0000

MARY R. ROE

111

11

1111

SUSAN S. SMITH

Make check or money order payable to.  
COLLECTOR OF INTERNAL REVENUE

Insert  
here

Please print or type the full name of the employee as shown on his or her account number card.

*Taxes Due—3% of total cash wages*

(1½% EMPLOYER TAX PLUS 1½% EMPLOYEE TAX)

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

I declare under the penalties of perjury that this is a true, correct and complete return.

April 15, 1951  
(Date)

FORM 942 U. S. TREASURY DEPARTMENT, INTERNAL REVENUE SERVICE



Return for Household Employees

(SURVIVORS INSURANCE)

Return for Calendar Quarter

Jan - Feb - Mar  
Due April 30, 1951

This space should show the months in the calendar quarter covered by the return. Ordinarily the Collector will stamp in the months, and also will show the date the return is due.

I paid \$50 or more cash wages in the calendar quarter on 24 or more different days in that quarter or on 24 or more days as a clerk or typewriter.

Show the total amount of taxable wages you paid the employee during the quarter.

Employee (ACCOUNT NUMBER CARD)	Cash Wages Paid to Employee in the Quarter (BEFORE TAX DEDUCTION)	
	\$ 267	00
	86	00
Total Cash Wages	\$ 353	00

Enter here the total cash wages you paid during the quarter to all household employees who met the \$50-24-day test.

Enter total here

\$ 10	59
DOLLARS	CENTS

Taxes Due

353  
x .03  
10.59

Multiply the total cash wages by 3 percent. You must pay this amount when you send or take the return to the Collector.

Return for Calendar Quarter

Jan - Feb - Mar  
Due April 30, 1951

Please remember that the return should be signed and dated by the employer.

I declare under penalty of perjury that the foregoing is a true and complete return to the best of my knowledge and belief.

Mrs. John Doe  
(Signature of Employer)

Not complicated. Above is a sample return as it should be filled in.

The return-filing instructions in this pamphlet relate only to the use of Form 942. Instructions relating to Form 941 are in Circular E.

Form 942 is called the "Employer's Quarterly Tax Return for Household Employees (Federal Old-Age and Survivors Insurance)." Near the end of each calendar quarter, the Collector will mail a Form 942 to each household employer on his mailing list. If taxes are due from a household employer who is not on the mailing list, the employer should ask the Collector for Form 942, and should advise the Collector of the name and address to be added to his mailing list.

The calendar quarters of the year and the last day for filing a return for each quarter are as follows:

<i>Months in quarter</i>	<i>Return due</i>
January, February, March-----	Apr. 30.
April, May, June-----	July 31.
July, August, September-----	Oct. 31.
October, November, December-----	Jan. 31.

The Collector will keep your name on his mailing list until you advise him that your name should be removed. In order to help the Collector to maintain a current mailing list, and to avoid follow-up inquiries, you should make a return for each quarter.

If the Collector mails you a copy of Form 942 for a quarter when you did not pay any taxable wages, you should indicate this fact on the form (for instance, by writing "none") and send it back to the Collector. If you do not expect to pay taxable wages in the future, this information should also be given (for instance, by writing "final return"). If you later resume paying taxable wages, please notify the Collector.

Form 942 provides space for listing three employees. If you need more space, use a plain sheet of paper and list the account numbers, names, and wages of your employees in the same arrangement as shown on Form 942. Also be sure to write your own name and address and the calendar quarter covered at the top of this sheet of paper so that it can be identified if it becomes separated from your return on Form 942. Any wages reported on this sheet of paper should be included in the "Total Cash Wages" on your return, and the sheet of paper should be enclosed in the pocket of the form.

## 8. *Payment of Taxes*

The taxes may be paid to the Collector's office either by mail or in person.

If you mail your return to the Collector, enclose your payment in the pocket provided on the return. If you use checks or money orders, make them payable to "Collector of Internal Revenue." To avoid loss, do not send cash through the mail. Postage stamps are not acceptable in payment of taxes.



## 9. *Correcting Mistakes*

As explained on page 6, the employer should correct any mistake made in deducting employee tax from a worker's wages.

If, after filing a return on Form 942, you find you made a mistake which resulted in your payment of too much tax to the Collector, you may subtract the difference on your next quarterly return. If a mistake results in payment of not enough tax, and the Collector has not requested payment, you should add the difference on your next quarterly return. In either event, write an explanation of the mistake and enclose it in the pocket of the return on which you subtract or add the difference.

If you find you made a mistake in the name, social security account number, or wages of any employee, advise the Collector what the mistake was, the quarterly return on which it was made, and what the correct information should be.

## 10. *Keeping Records*

In order to avoid future misunderstandings, and to safeguard the interests of your employees, it is important that you keep records which will enable you to make correct and complete returns.

Your records should include details such as the employee's account number and name, days worked, cash wage payments, and employee tax deducted. You may keep the records in any form you wish. The final pages of this pamphlet provide convenient space for keeping records of the information you show in your returns on Form 942.

## 11. *Statements for Employees*

The law requires each employer to furnish to each employee a written statement of wages and employee tax for each calendar year beginning with 1951, on or before January 31 of the next year. If a household worker's employment ends before December 31, the employer's statement should cover the part of the year through the last day of employment, and should be furnished within 30 days after the day on which the last payment of wages is made to the employee.

Each written statement should show (a) the employer's name, (b) the employee's name and social security account number, (c) the total amount of wages paid in the year (or part year), and (d) the total amount of employee tax deducted, if any.

The written statement may be in any form suitable for the employee to keep. If you desire printed forms for this purpose, the Collector will supply you copies of Form SS-14 upon request.

## 12. *Penalties*

Avoid penalties and interest by filing correct returns on time, and by paying the tax with the returns. The law provides a penalty of at least \$5 for late filing unless reasonable cause is shown for the delay. If you are unavoidably late in filing a return, send a written explanation along with your return.



13. *Table of 1½ Percent Employee Tax Deductions*

Since you are allowed to figure the tax on the nearest whole dollar of the amount of wages paid, this table shows wages in whole dollars.

<i>If wage payment is—</i>	<i>The em- ployee tax to be de- ducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be de- ducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be de- ducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be de- ducted is—</i>
\$1.....	\$0.02	\$26....	\$0.39	\$51....	\$0.77	\$76....	\$1.14
\$2.....	.03	\$27....	.41	\$52....	.78	\$77....	1.16
\$3.....	.05	\$28....	.42	\$53....	.80	\$78....	1.17
\$4.....	.06	\$29....	.44	\$54....	.81	\$79....	1.19
\$5.....	.08	\$30....	.45	\$55....	.83	\$80....	1.20
\$6.....	.09	\$31....	.47	\$56....	.84	\$81....	1.22
\$7.....	.11	\$32....	.48	\$57....	.86	\$82....	1.23
\$8.....	.12	\$33....	.50	\$58....	.87	\$83....	1.25
\$9.....	.14	\$34....	.51	\$59....	.89	\$84....	1.26
\$10....	.15	\$35....	.53	\$60....	.90	\$85....	1.28
\$11....	.17	\$36....	.54	\$61....	.92	\$86....	1.29
\$12....	.18	\$37....	.56	\$62....	.93	\$87....	1.31
\$13....	.20	\$38....	.57	\$63....	.95	\$88....	1.32
\$14....	.21	\$39....	.59	\$64....	.96	\$89....	1.34
\$15....	.23	\$40....	.60	\$65....	.98	\$90....	1.35
\$16....	.24	\$41....	.62	\$66....	.99	\$91....	1.37
\$17....	.26	\$42....	.63	\$67....	1.01	\$92....	1.38
\$18....	.27	\$43....	.65	\$68....	1.02	\$93....	1.40
\$19....	.29	\$44....	.66	\$69....	1.04	\$94....	1.41
\$20....	.30	\$45....	.68	\$70....	1.05	\$95....	1.43
\$21....	.32	\$46....	.69	\$71....	1.07	\$96....	1.44
\$22....	.33	\$47....	.71	\$72....	1.08	\$97....	1.46
\$23....	.35	\$48....	.72	\$73....	1.10	\$98....	1.47
\$24....	.36	\$49....	.74	\$74....	1.11	\$99....	1.49
\$25....	.38	\$50....	.75	\$75....	1.13	\$100...	1.50

14. Employer's Copies of Returns

When you fill in your quarterly returns, you will wish to record the information shown on them. Here is a convenient place for doing so.

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (3 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (3 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (3 percent)		



Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (3 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (3 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (3 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (3 percent)		

UNIVERSITY OF ILLINOIS-URBANA



3 0112 063918335

U. S. TREASURY DEPARTMENT  
COLLECTOR OF INTERNAL REVENUE

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300  
(GPO)



556.24  
Un 3 h  
1955

CIRCULAR H (Rev. Jan. 1955)

# Household Employer's

## Social Security Tax Guide

MAIDS

LAUNDRESSES

COOKS

HOUSEKEEPERS

GARDENERS

JANITORS

FURNACEMEN

HANDYMEN

GOVERNESSES

VALETS

BUTLERS

CHAUFFEURS

Instructions for the reporting and payment of employer and employee taxes on the wages of household employees, and other workers who perform services of a household nature in or about the private home of the employer (other than on a farm operated for profit).

THE LIBRARY OF THE


JAN 14 1955

UNIVERSITY OF ILLINOIS

### New Test In Effect January 1, 1955

The new law increases substantially the coverage of household employees under the Federal Insurance Contributions Act (Social Security). A household employee is covered in each calendar quarter after 1954 in which he or she is paid \$50 or more cash wages by an employer. (The 24-day test formerly used no longer applies.) This new test applies to wages *paid* on or after January 1, 1955, even though the wages were *earned* prior to that date.

Employers desiring more detailed information than is contained in this circular should consult the District Director of Internal Revenue.

  
Commissioner of Internal Revenue,  
Washington 25, D. C.

Issued by the Internal Revenue Service, U. S. Treasury Department. IRS Publication No. 14

Calendar for Household Employers  
Whose Employees Meet the \$50 a Quarter Test  
Described on Pages 3 and 4

*When you hire a household employee*

Make a written record of the employee's name and social security account number. If possible, copy the name and account number from the employee's social security account number card. (See page 6.)

*On each payment of cash wages to an employee*

An employee tax of 2 percent is deductible from each wage payment. (See page 5.)

*On or before each April 30, July 31, October 31, and January 31*

Send or take a tax return to the District Director of Internal Revenue, together with payment of the full amount of taxes due (if any) for the previous calendar quarter. (See pages 7 to 10.)

*For each calendar year, or when an employee leaves*

Furnish to each employee a statement of wages paid and employee tax deducted during the year. (See pages 11 and 15.)

---

Table of Contents

Sec. No.	Page No.	Sec. No.	Page No.
Social Security for Household Workers . . . . .	3	Specimen Form 942 and How To Fill It In . . . . .	8
1. The Taxes . . . . .	3	8. Payment of Taxes . . . . .	10
2. How To Determine If Taxes Are Due—The "\$50 a Quarter" Test . . . . .	3	9. Correcting Mistakes . . . . .	10
3. What Are Taxable Wages . . . . .	5	10. Keeping Records . . . . .	11
4. Deducting Employee Tax . . . . .	5	11. Statements for Employees . . . . .	11
5. Optional Use of Whole Dollar Amounts . . . . .	6	12. Penalties . . . . .	11
6. Employee Account Numbers . . . . .	6	13. Table of 2 Percent Employee Tax Deductions . . . . .	12
7. Quarterly Returns . . . . .	7	14. Employer's Copies of Returns: . . . . .	13 and 14
		15. Copies of Receipts for Employees . . . . .	15



336.24  
Un 32  
1952

## *Social Security for Household Workers*

The Federal Social Security law covers some (but not all) household employees under the old-age and survivors insurance system which protects millions of Americans. For qualified workers this government insurance provides:

- Monthly payments when they reach age 65.
- Payments to their families when they die.

These payments are made by the Social Security Administration, and information about them may be secured at your nearest social security office.

This pamphlet, Circular H, provides information and instructions for employers of workers who perform services of a household nature in or about the employer's private home (other than on a farm which is operated for profit).

The District Director of Internal Revenue will furnish, upon request, another pamphlet (Circular A) to employers who have workers on a farm which is operated for profit, or a pamphlet (Circular E) for other business employers.

---

### *1. The Taxes*

Under the Social Security system, taxes are imposed by the Federal Insurance Contributions Act on both employers and employees. These taxes are sometimes known as "Federal Old-Age and Survivors Insurance taxes" or as "Social Security taxes." The employer tax and the employee tax are each 2 percent of taxable wages paid, making a total of 4 percent.

The taxes apply to cash wages paid for household services, if such wages meet the \$50 a quarter test described in the next section.

### *2. How To Determine If Taxes Are Due— The "\$50 a Quarter" Test*

A special test is provided by law to determine whether or not the wages of a household employee are taxable.

If an employer pays an employee \$50 or more cash wages in a calendar quarter for household services, the taxes apply to all cash wages paid by the employer to the employee in such quarter regardless of when earned. The 24-day test formerly used no longer applies.

281-35 household

1955 Jan. 1955 Jan. 1955 Jan.

In general, services of a household nature in or about a private home include services performed by cooks, waiters, butlers, housekeepers, governesses, maids, valets, baby sitters, janitors, laundresses, furnacemen, caretakers, handymen, gardeners, footmen, grooms, and chauffeurs of automobiles for family use.

No taxes are due on amounts you pay to persons who are not your employees. Carpenters, painters, plumbers, repairmen, etc., if working for you as independent contractors are not your employees. If in doubt whether the taxes apply to any worker, request advice from the District Director.

The calendar quarters are as follows:

January–February–March;  
April–May–June;  
July–August–September;  
October–November–December.

The \$50 a quarter test applies separately to each household worker you employ.

The following examples illustrate the way the test works:

*Less than \$50 cash wages paid in quarter.*—Suppose you pay a baby sitter several times in a quarter but it adds up to only \$47. No tax is due because the \$50 a quarter test has not been met.

*Different employers.*—Suppose a maid works part time for you and part time for a neighbor. You pay her \$75 in the quarter but your neighbor pays only \$40. You must pay taxes on your payments because they were \$50 or more. However, your neighbor does not owe taxes on her payments since the \$50 a quarter test has not been met.

*Different employees.*—Suppose you frequently hire cleaning women by the day, but not always the same one. During the quarter, you pay one of them \$22, another \$74, and still another \$10. You must pay taxes on the \$74 because the \$50 a quarter test has been met for this employee. No taxes are due on the other payments.

*Partial payment.*—Suppose that a maid works for you in January, February, and until March 15, when she quits. She had earned \$125 during these months and you pay her \$40 in March and the balance of \$85 in April. No tax is due for the first quarter on the \$40 paid in March; however, you must pay tax for the second quarter on the \$85 paid in April since the \$50 a quarter test is met in that quarter.



### 3. *What Are Taxable Wages*

The taxes apply only to the cash wages of household employees. Checks, money orders, etc., are taxable in the same manner as cash. On the other hand, you should disregard the value of food, lodging, clothing, car tokens, and other noncash items which you furnish to household employees.

It is immaterial whether payments are based on the hour, day, week, month, or year, or on piecework.

The taxes do not apply to amounts paid by an employer to his or her mother, father, wife or husband, or to the employer's son or daughter under the age of 21.

If you pay an employee more than \$4,200 in a calendar year, the taxes apply only to the first \$4,200 you pay the employee in that year.

In reporting "cash wages" on your quarterly returns, show the full amount before tax was deducted. For example, if an employee's cash wages were \$50 but you deducted \$1.00 as employee tax, you should still show \$50 cash wages on your return.

### 4. *Deducting Employee Tax*

The employer should deduct the employee tax, at the rate of 2 percent, from each payment of cash wages to an employee, if the employer expects the employee to meet the \$50 a quarter test. At the time you make a cash wage payment to an employee, however, it is possible that you will not be sure the \$50 a quarter test will be met. In that case you may withhold the employee tax at that time if you so desire. If you prefer to pay the employee tax without deducting it from the employee's wages you may do so. If for some other reason you do not deduct employee tax from taxable wages, you are nevertheless required to pay the employee tax to the District Director. The combined amount of employee tax and employer tax, a total of 4 percent, is payable to the District Director in the manner explained in sections 7 and 8.

If you fail to deduct employee tax from a wage payment to an employee, or if you deduct less than the correct amount, you may adjust the error by deducting such tax from a later payment to the same employee. On the other hand, if you deduct employee tax when no tax is due, or if you deduct more than the correct amount, you should repay the employee.

If, in figuring the amount of employee tax to be deducted, you find a fraction of a cent, disregard the fraction if it is less than one-half cent. If the fraction is one-half cent or more, count it a full cent.

## 5. *Optional Use of Whole Dollar Amounts*

If you pay wages in dollars and cents you may, if you so desire, treat the nearest whole dollar as the amount of taxable wages for the purposes of determining whether the \$50 a quarter test is met, figuring employee tax deductions, and reporting wages on your return. For example, if you pay any amount between \$4.50 and \$5.49, inclusive, you may treat \$5 as the taxable wage. A 2 percent tax deduction table, based on whole dollars, is shown on page 12.

If you use this method on any wage payment made to a household employee in a quarter, you must use the same method on all other wage payments to household employees in that quarter.

## 6. *Employee Account Numbers*

The Social Security Administration keeps a lifetime record of the amount of wages paid to each employee. The wage record of each employee is identified by an account number. This is necessary to prevent mix-ups between workers with the same or similar names. An account number consists of nine digits separated as follows: 000-00-0000.

When you employ a household worker who may meet the \$50 a quarter test, you should make a written record of the employee's name and social security account number. If possible, they should be copied from the employee's social security account number card. Also record the employee's home address. If you report the employee's name and account number accurately, it will insure proper credit to the employee's social security account and save follow-up correspondence to identify these credits.

If an employee has no account number, he should get one by filling in Form SS-5 ("Application for Social Security Account Number"). This form may be obtained from the nearest office of the Social Security Administration or, if there is no such office in town, from the post office or the District Director. The completed Form SS-5 should be taken or sent to the nearest social security office, the address of which may be obtained at the post office.

If the employee has no account number card but has a receipt showing that he has made application for a card, ask the employee to show you the account number card as soon as he receives it. If the employee does not have an account number card in his possession, even though he may have been issued one, record his full name and address. Inform the employee of the importance of showing you his account number card in time to insure accurate reporting of wages.



## 7 *Quarterly Returns*

Beginning with the first calendar quarter in which an employer pays taxable wages to one or more household employees, the employer must file quarterly returns reporting the taxable wages, if any, paid in each quarter. The employer will use either Form 941 or Form 942, as follows:

a. Form 942 is a special, simplified form (printed on the back of a return envelope), which may be used by all employers of household workers as described in this pamphlet.

b. Form 941 is the regular form used by business employers. If an employer of household workers is already filing Form 941 for his business employees, he may include his household workers on Form 941, identified in the manner specified in the instructions on that form.

Once you start using either of these forms for household workers, you should not change forms without notifying the District Director.

The return-filing instructions in this pamphlet relate only to the use of Form 942. Instructions relating to Form 941 are in Circular E.

Form 942 is called the "Employer's Quarterly Tax Return for Household Employees (Federal Old-Age and Survivors Insurance)." Near the end of each calendar quarter, the District Director will mail a Form 942 to each household employer on his mailing list. If taxes are due from a household employer who is not on the mailing list, the employer should ask the District Director for Form 942, and should advise the District Director of the name and address to be added to his mailing list.

The calendar quarters of the year and the last day for filing a return for each quarter are as follows:

<i>Months in quarter</i>	<i>Return due</i>
January, February, March.....	Apr. 30.
April, May, June.....	July 31.
July, August, September.....	Oct. 31.
October, November, December.....	Jan. 31.

The District Director will keep your name on his mailing list until you advise him that your name should be removed. In order to help the District Director to maintain a current mailing list, and to avoid follow-up inquiries, you should make a return for each quarter.

If the District Director mails you a copy of Form 942 for a quarter when you did not pay any taxable wages, you should indicate this fact

FOLD AND SEAL TO FORM 942

# Employer's Quarterly Tax Return

(FEDERAL OLD-AGE AND EMPLOYMENT TAX)

This space is for your name and address. The District Director ordinarily stamps your name and address here before mailing the Form 942 to you. If incorrect, or if your address changes, draw a line through the error and write in the necessary correction.

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

Fill in one line for each household employee to whom covered by this return. (See Circular H). Please use

Be sure to enter the account number correctly so that each employee's wages will be credited to the right account. If you don't know the number, write "Unknown" in this space and insert in the pocket of the return a sheet of paper showing the employee's name and address. (See section 6.)

Employee's Social Security Account Number

Name (PLEASE PRINT AS SHOWN ON IDENTIFICATION CARD)

000 00 0000  
111 11 1111

Mary R. R.  
Susan S. S.

Make check or money order payable to  
DISTRICT DIRECTOR OF INTERNAL REVENUE

Insert here

Please print or type the full name of the employee as shown on his or her account number card.

**Taxes Due—4% of total cash wages**

(2% EMPLOYER TAX PLUS 2% EMPLOYEE TAX)

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

I declare under the penalties of perjury that this is a true, correct, and complete return.

April 15, 1955  
(Date)

FORM 942 (REVISED JAN. 1955)  
U. S. TREASURY DEPARTMENT, INTERNAL REVENUE SERVICE

Specimen Form 942 and how to fill it in.—Filling in your return is



# Return for Household Employees

(SURVIVORS INSURANCE)

Return for Calendar Quarter

Jan - Feb - Mar  
Due April 30, 1955

This space should show the months in the calendar quarter covered by the return. Ordinarily the District Director will stamp in the months, and also will show the date the return is due.

paid \$50 or more cash wages in the calendar quarter for typewriter.

Employee (ACCOUNT NUMBER CARD)	Cash Wages Paid to Employee in the Quarter (BEFORE TAX DEDUCTION)	
2	\$ 267	00
Smith	86	00
Total Cash Wages	\$ 353	00

Show the total amount of taxable wages you paid the employee during the quarter.

Enter here the total cash wages you paid during the quarter to all household employees who met the \$50 a quarter test.

16-67283-3 ☆ GPO

Enter total here

\$ 14	12
DOLLARS	CENTS

If no tax is due, write "None" and advise if returns will be needed for future quarters.

$$\begin{array}{r} 353 \\ \times 0.04 \\ \hline 14.12 \end{array}$$

Multiply the total cash wages by 4 percent. You must pay this amount when you send or take the return to the District Director.

Return for Calendar Quarter

Jan - Feb - Mar  
Due April 30, 1955

I return to the best of my knowledge and belief.

*Mrs. John Doe*  
(Signature of Employer)

Please remember that the return should be signed and dated by the employer.

16-67283-3

complicated. Above is a sample return as it should be filled in.

on the form and send it back to the District Director. If you do not expect to pay taxable wages in the future, this information should also be given (for instance, by writing "final return" on the bottom portion of the return). If you later resume paying taxable wages, please notify the District Director.

Form 942 provides space for listing four employees. If you need more space, use a plain sheet of paper and list the account numbers, names, and wages of your employees in the same arrangement as shown on Form 942. Also be sure to write your own name and address and the calendar quarter covered at the top of this sheet of paper so that it can be identified if it becomes separated from your return on Form 942. Any wages reported on this sheet of paper should be included in the "Total Cash Wages" on your return, and the sheet of paper should be enclosed in the pocket of the form.

## 8. *Payment of Taxes*

The taxes may be paid to the District Director's office either by mail or in person.

If you mail your return to the District Director, enclose your payment in the pocket provided on the return. If you use checks or money orders, make them payable to "District Director, I. R. S." To avoid loss, do not send cash through the mail. Postage stamps are not acceptable in payment of taxes.

## 9. *Correcting Mistakes*

As explained on page 5, the employer should correct any mistake made in deducting employee tax from a worker's wages.

If, after filing a return on Form 942, you find you made a mistake which resulted in your payment of too much tax to the District Director, you may subtract the difference on your next quarterly return. If a mistake results in payment of not enough tax, and the District Director has not requested payment, you should add the difference on your next quarterly return. In either event, write an explanation of the mistake and enclose it in the pocket of the return on which you subtract or add the difference.

If you find you made a mistake in the name, social security account number, or wages of any employee, advise the District Director what the mistake was, the quarterly return on which it was made, and what the correct information should be.



## 10. *Keeping Records*

In order to avoid future misunderstandings, and to safeguard the interests of your employees, it is important that you keep records which will enable you to make correct and complete returns.

Your records should include details such as the employee's social security account number and name, dates and amounts of cash wage payments, and employee tax deducted. You may keep the records in any form you wish. Pages 13 and 14 of this pamphlet provide convenient space for keeping records of the information you show in your returns on Form 942.

## 11. *Statements for Employees*

The law requires each employer to furnish to each employee a written statement of wages and employee tax for each calendar year, on or before January 31 of the next year. If a household worker's employment ends before December 31, the employer's statement should cover the part of the year through the last day of employment, and should be furnished within 30 days after the day on which the last payment of wages is made to the employee.

Each written statement should show (a) the employer's name and address, (b) the employee's name, address, and social security account number, (c) the total amount of wages paid in the year (or part year), and (d) the total amount of employee tax deducted, if any.

The written statement may be in any form suitable for the employee to keep. Three copies of Form SS-14 which may be used for this purpose appear on page 15 of this circular. If you need additional Forms SS-14 the District Director will supply you copies upon request.

## 12. *Penalties*

Avoid penalties and interest by making timely returns and payments of tax. The law provides a penalty for late filing unless reasonable cause is shown for the delay. If you are unavoidably late in filing a return, send a written explanation along with your return. The law also provides a penalty for failure to furnish the statements referred to in section 11.

# 13. Table of 2 Percent Employee Tax Deductions

Since you are allowed to figure the tax on the nearest whole dollar of the amount of wages paid, this table shows wages in whole dollars.

<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>
\$1.....	\$0. 02	\$26....	\$0. 52	\$51....	\$1. 02	\$76....	\$1. 52
\$2.....	. 04	\$27....	. 54	\$52....	1. 04	\$77....	1. 54
\$3.....	. 06	\$28....	. 56	\$53....	1. 06	\$78....	1. 56
\$4.....	. 08	\$29....	. 58	\$54....	1. 08	\$79....	1. 58
\$5.....	. 10	\$30....	. 60	\$55....	1. 10	\$80....	1. 60
\$6.....	. 12	\$31....	. 62	\$56....	1. 12	\$81....	1. 62
\$7.....	. 14	\$32....	. 64	\$57....	1. 14	\$82....	1. 64
\$8.....	. 16	\$33....	. 66	\$58....	1. 16	\$83....	1. 66
\$9.....	. 18	\$34....	. 68	\$59....	1. 18	\$84....	1. 68
\$10....	. 20	\$35....	. 70	\$60....	1. 20	\$85....	1. 70
\$11....	. 22	\$36....	. 72	\$61....	1. 22	\$86....	1. 72
\$12....	. 24	\$37....	. 74	\$62....	1. 24	\$87....	1. 74
\$13....	. 26	\$38....	. 76	\$63....	1. 26	\$88....	1. 76
\$14....	. 28	\$39....	. 78	\$64....	1. 28	\$89....	1. 78
\$15....	. 30	\$40....	. 80	\$65....	1. 30	\$90....	1. 80
\$16....	. 32	\$41....	. 82	\$66....	1. 32	\$91....	1. 82
\$17....	. 34	\$42....	. 84	\$67....	1. 34	\$92....	1. 84
\$18....	. 36	\$43....	. 86	\$68....	1. 36	\$93....	1. 86
\$19....	. 38	\$44....	. 88	\$69....	1. 38	\$94....	1. 88
\$20....	. 40	\$45....	. 90	\$70....	1. 40	\$95....	1. 90
\$21....	. 42	\$46....	. 92	\$71....	1. 42	\$96....	1. 92
\$22....	. 44	\$47....	. 94	\$72....	1. 44	\$97....	1. 94
\$23....	. 46	\$48....	. 96	\$73....	1. 46	\$98....	1. 96
\$24....	. 48	\$49....	. 98	\$74....	1. 48	\$99....	1. 98
\$25....	. 50	\$50....	1. 00	\$75....	1. 50	\$100..	2. 00



# 14. Employer's Copies of Returns

When you fill in your quarterly returns, you will wish to record the information shown on them. Here is a convenient place for doing so. (See section 10.)

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4 percent)		



15. *Copies of Receipts for Employees*

A written statement of wages must be furnished each employee.  
(See section 11.)

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

**RECEIPT FOR EMPLOYEE**  
**(Federal Old-Age and Survivors Insurance)**

EMPLOYEE TO WHOM PAID		Social Security account number	
Name_____		000	00 0000
Address_____			
If for a calendar year,		If not for a calendar year, give beginning and closing dates:	
indicate year . . . . . 195_____		from _____, 195____, to _____, 195_____	
Total wages under the Federal Insurance Contributions Act . . \$_____		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$_____	
EMPLOYER BY WHOM PAID			

Name_____	
Address_____	

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

**RECEIPT FOR EMPLOYEE**  
**(Federal Old-Age and Survivors Insurance)**

EMPLOYEE TO WHOM PAID		Social Security account number	
Name_____		000	00 0000
Address_____			
If for a calendar year,		If not for a calendar year, give beginning and closing dates:	
indicate year . . . . . 195_____		from _____, 195____, to _____, 195_____	
Total wages under the Federal Insurance Contributions Act . . \$_____		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$_____	
EMPLOYER BY WHOM PAID			

Name_____	
Address_____	

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

**RECEIPT FOR EMPLOYEE**  
**(Federal Old-Age and Survivors Insurance)**

EMPLOYEE TO WHOM PAID		Social Security account number	
Name_____		000	00 0000
Address_____			
If for a calendar year,		If not for a calendar year, give beginning and closing dates:	
indicate year . . . . . 195_____		from _____, 195____, to _____, 195_____	
Total wages under the Federal Insurance Contributions Act . . \$_____		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$_____	
EMPLOYER BY WHOM PAID			

Name_____	
Address_____	

UNIVERSITY OF ILLINOIS-URBANA



3 0112 063918327

TREASURY DEPARTMENT

ACT DIRECTOR OF INTERNAL REVENUE

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300  
(GPO)



336.24  
Un3h  
1957

**CIRCULAR H** (Rev. Jan. 1957)

# Household Employer's Social Security Tax Guide

*Instructions for the reporting and payment of employer and employee taxes on the wages of household employees, such as:*

**MAIDS**

**LAUNDRESSES**

**COOKS**

**HOUSEKEEPERS**

**GARDENERS**

**JANITORS**

**FURNACEMEN**

**HANDYMEN**

**GOVERNESSES**

**VALETS**

**BUTLERS**

**CHAUFFEURS**

and other workers who perform services of a household nature in or about the private home of the employer (other than on a farm operated for profit).

## ***New Rates in Effect January 1, 1957***

This circular brings up to date the instructions for taxes under the Federal Insurance Contributions Act for Social Security. Please note that the tax rates have been increased to  $2\frac{1}{4}\%$  for employers and  $2\frac{1}{4}\%$  for employees, or a total of  $4\frac{1}{2}\%$ . These rates are applicable to wages paid on or after January 1, 1957, even though the wages were earned prior to that date.

Employers desiring more detailed information than is contained in this circular should consult the District Director of Internal Revenue.

*Russell C. Harrison*  
Commissioner.

Calendar for  
Household Employers  
whose employees  
meet the  
\$50 a quarter test  
described on  
pages 3 and 4

*When you hire a household employee*

Make a written record of the employee's name and social security account number. If possible, copy the name and account number from the employee's social security account number card. (See page 6.)

*On each payment of cash wages to an employee*

An employee tax of 2¼ percent is deductible from each wage payment. (See page 5.)

*On or before each April 30, July 31, October 31, and January 31*

Send or take a tax return to the District Director of Internal Revenue, together with payment of the full amount of taxes due (if any) for the previous calendar quarter. (See pages 7 to 10.)

*For each calendar year, or when an employee leaves*

Furnish to each employee a statement of wages paid and employee tax deducted during the year. (See pages 11 and 15.)

**Table of Contents**

Sec. No.	Page No.	Sec. No.	Page No.
Social Security for Household Workers . . . . .	3	Specimen Form 942 and How To Fill It In . . . . .	8
1. The Taxes . . . . .	3	8. Payment of Taxes . . . . .	10
2. How To Determine If Taxes Are Due—The "\$50 a Quarter" Test . . . . .	3	9. Correcting Mistakes . . . . .	10
3. What Are Taxable Wages . . . . .	5	10. Keeping Records . . . . .	11
4. Deducting Employee Tax . . . . .	5	11. Statements for Employees . . . . .	11
5. Optional Use of Whole Dollar Amounts . . . . .	6	12. Penalties . . . . .	11
6. Employee Account Numbers . . . . .	6	13. Table of 2¼ Percent Employee Tax Deductions . . . . .	12
7. Quarterly Returns . . . . .	7	14. Employer's Copies of Returns . . . . .	13 and 14
		15. Copies of Receipts for Employees . . . . .	15



336.54  
Un3h  
1957

# Social Security for Household Workers

The Federal Social Security law covers some (but not all) household employees. For those who qualify this provides:

- Monthly payments when they reach retirement age (65 for men, 62 for women).
- Monthly payments at age 50 if totally disabled.
- Payments to their families when they die.

These payments are made by the Social Security Administration, and information about them may be secured at your nearest social security district office.

This pamphlet, Circular H, provides information and instructions for employers of workers who perform services of a household nature in or about the employer's private home (other than on a farm which is operated for profit).

The District Director of Internal Revenue will furnish, upon request, another pamphlet (Circular A) to employers who have workers on a farm which is operated for profit, or a pamphlet (Circular E) for other business employers.

## 1. *The Taxes*

Under the Social Security system, taxes are imposed by the Federal Insurance Contributions Act on both employers and employees. These taxes are sometimes known as "Social Security taxes." The employer tax and the employee tax are each  $2\frac{1}{4}$  percent of taxable wages paid, making a total of  $4\frac{1}{2}$  percent.

The taxes apply to cash wages paid for household services, if such wages meet the \$50 a quarter test described in the next section.

## 2. *How To Determine If Taxes Are Due— The "\$50 a Quarter" Test*

A special test is provided by law to determine whether or not the wages of a household employee are taxable.

If an employer pays an employee \$50 or more cash wages in a calendar quarter for household services, the taxes apply to all cash wages paid by the employer to the employee in such quarter regardless of when earned.

In general, services of a household nature in or about a private home include services performed by cooks, waiters, butlers, housekeepers, governesses, maids, valets, baby sitters, janitors, laundresses, furnacemen, caretakers, handymen, gardeners, footmen, grooms, and chauffeurs of automobiles for family use.

No taxes are due on amounts you pay to persons who are not your employees. Carpenters, painters, plumbers, repairmen, etc., if working for you as independent contractors are not your employees. If in doubt whether the taxes apply to any worker, request advice from the District Director.

The calendar quarters are as follows:

January–February–March;

April–May–June;

July–August–September;

October–November–December.

The \$50 a quarter test applies separately to each household worker you employ.

The following examples illustrate the way the test works:

*Less than \$50 cash wages paid in quarter.*—Suppose you pay a baby sitter several times in a quarter but it adds up to only \$47. No tax is due because the \$50 a quarter test has not been met.

*Different employers.*—Suppose a maid works part time for you and part time for a neighbor. You pay her \$75 in the quarter but your neighbor pays only \$40. You must pay taxes on your payments because they were \$50 or more. However, your neighbor does not owe taxes on her payments since the \$50 a quarter test has not been met.

*Different employees.*—Suppose you frequently hire cleaning women by the day, but not always the same one. During the quarter, you pay one of them \$22, another \$74, and still another \$10. You must pay taxes on the \$74 because the \$50 a quarter test has been met for this employee. No taxes are due on the other payments.

*Partial payment.*—Suppose that a maid works for you in January, February, and until March 15, when she quits. She had earned \$125 during these months and you pay her \$40 in March and the balance of \$85 in April. No tax is due for the first quarter on the \$40 paid in March; however, you must pay tax for the second quarter on the \$85 paid in April since the \$50 a quarter test is met in that quarter.



### 3. *What Are Taxable Wages*

The taxes apply only to the cash wages of household employees. Checks, money orders, etc., are taxable in the same manner as cash. On the other hand, you should disregard the value of food, lodging, clothing, car tokens, and other noncash items which you furnish to household employees.

It is immaterial whether payments are based on the hour, day, week, month, or year, or on piecework.

The taxes do not apply to amounts paid by an employer to his or her mother, father, wife or husband, or to the employer's son or daughter under the age of 21.

If you pay an employee more than \$4,200 in a calendar year, the taxes apply only to the first \$4,200 you pay the employee in that year.

In reporting "cash wages" on your quarterly returns, show the full amount before tax was deducted. For example, if an employee's cash wages were \$50 but you deducted \$1.13 as employee tax, you should still show \$50 cash wages on your return.

### 4. *Deducting Employee Tax*

The employer should deduct the employee tax, at the rate of  $2\frac{1}{4}$  percent, from each payment of cash wages to an employee, if the employer expects the employee to meet the \$50 a quarter test. At the time you make a cash wage payment to an employee, however, it is possible that you will not be sure the \$50 a quarter test will be met. In that case you may withhold the employee tax at that time if you so desire. If you prefer to pay the employee tax without deducting it from the employee's wages you may do so. If for some other reason you do not deduct employee tax from taxable wages, you are nevertheless required to pay the employee tax to the District Director. The combined amount of employee tax and employer tax, a total of  $4\frac{1}{2}$  percent, is payable to the District Director in the manner explained in sections 7 and 8.

If you fail to deduct employee tax from a wage payment to an employee, or if you deduct less than the correct amount, you may adjust the error by deducting such tax from a later payment to the same employee. On the other hand, if you deduct employee tax when no tax is due, or if you deduct more than the correct amount, you should repay the employee.

If, in figuring the amount of employee tax to be deducted, you find a fraction of a cent, disregard the fraction if it is less than one-half cent. If the fraction is one-half cent or more, count it a full cent.

## ***5. Optional Use of Whole Dollar Amounts***

If you pay wages in dollars and cents you may, if you so desire, treat the nearest whole dollar as the amount of taxable wages for the purposes of determining whether the \$50 a quarter test is met, figuring employee tax deductions, and reporting wages on your return. For example, if you pay any amount between \$4.50 and \$5.49, inclusive, you may treat \$5 as the taxable wage. A 2¼ percent tax deduction table, based on whole dollars, is shown on page 12.

If you use this method on any wage payment made to a household employee in a quarter, you must use the same method on all other wage payments to household employees in that quarter.

## ***6. Employee Account Numbers***

The Social Security Administration keeps a lifetime record of the amount of wages paid to each employee. The wage record of each employee is identified by an account number. This is necessary to prevent mix-ups between workers with the same or similar names. An account number consists of nine digits separated as follows: 000-00-0000.

When you employ a household worker who may meet the \$50 a quarter test, you should make a written record of the employee's name and social security account number. If possible, they should be copied from the employee's social security account number card. Also record the employee's home address. If you report the employee's name and account number accurately, it will insure proper credit to the employee's social security account and save follow-up correspondence to identify these credits.

If an employee has no account number, he should get one by filling in Form SS-5 ("Application for Social Security Account Number"). This form may be obtained from the nearest district office of the Social Security Administration or, if there is no such office in town, from the post office or the District Director. The completed Form SS-5 should be taken or sent to the nearest social security district office, the address of which may be obtained at the post office.

If the employee has no account number card but has a receipt showing that he has made application for a card, ask the employee to show you the account number card as soon as he receives it. If the employee does not have an account number card in his possession, even though he may have been issued one, record his full name and address. Inform the employee of the importance of showing you his account number card in time to insure accurate reporting of wages.



7. *Quarterly Returns*

Beginning with the first calendar quarter in which an employer pays taxable wages to one or more household employees, the employer must file quarterly returns reporting the taxable wages, if any, paid in each quarter. The employer will use either Form 941 or Form 942, as follows:

- a. Form 942 is a special, simplified form (printed on the back of a return envelope), which may be used by all employers of household workers as described in this pamphlet.
- b. Form 941 is the regular form used by business employers. If an employer of household workers is already filing Form 941 for his business employees, he may include his household workers on Form 941, identified in the manner specified in the instructions on that form.

Once you start using either of these forms for household workers, you should not change forms without notifying the District Director.

The return-filing instructions in this pamphlet relate only to the use of Form 942. Instructions relating to Form 941 are in Circular E.

Form 942 is called the “Employer’s Quarterly Tax Return for Household Employees (For Social Security).” Near the end of each calendar quarter, the District Director will mail a Form 942 to each household employer on his mailing list. If taxes are due from a household employer who is not on the mailing list, the employer should ask the District Director for Form 942, and should advise the District Director of the name and address to be added to his mailing list.

The calendar quarters of the year and the last day for filing a return for each quarter are as follows:

<i>Months in quarter</i>	<i>Return due</i>
January, February, March . . . . .	Apr. 30.
April, May, June . . . . .	July 31.
July, August, September . . . . .	Oct. 31.
October, November, December . . . . .	Jan. 31.

The District Director will keep your name on his mailing list until you advise him that your name should be removed. In order to help the District Director to maintain a current mailing list, and to avoid follow-up inquiries, you should make a return for each quarter.

If the District Director mails you a copy of Form 942 for a quarter when you did not pay any taxable wages, you should indi-

# Employer's Quarterly Tax Return

(FOR SOCIAL SECURITY TAXES)

This space is for your name and address. The District Director ordinarily stamps your name and address here before mailing the Form 942 to you. If incorrect, or if your address changes, draw a line through the error and write in the necessary correction.

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

Be sure to enter the account number correctly so that each employee's wages will be credited to the right account. If you don't know the number, write "Unknown" in this space and insert in the pocket of the return a sheet of paper showing the employee's name and address. (See section 6.)

Fill in one line for each household employee to whom covered by this return. (See Circular H.) Please use ink.

Employee's Social Security Account Number			Name of Employee (PLEASE PRINT AS SHOWN ON ACCOUNT CARD)
000	00	0000	MARY R. ROE
111	11	1111	SUSAN S. SMITH

Make check or money order payable to  
INTERNAL REVENUE SERVICE

Insert  
here

Please print or type the full name of the employee as shown on his or her account number card.

**Taxes Due—Enter 4½% of total wages**  
(2¼% EMPLOYER TAX PLUS 2¼% SOCIAL SECURITY TAX)

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

I declare under the penalties of perjury that this is a true, correct, and complete return.

April 15, 1957  
(Date)

FORM 942 (REVISED JAN. 1957)  
U. S. TREASURY DEPARTMENT, INTERNAL REVENUE SERVICE

Specimen Form 942 and how to fill it in.—Filling in your return is



# Return for Household Employees

(SECURITY)

Return for Calendar Quarter  
(Months and Year)

Jan - Feb - Mar  
Due April 30, 1957

This space should show the months in the calendar quarter covered by the return. Ordinarily the District Director will stamp in the months, and also will show the date the return is due.

paid \$50 or more cash wages in the calendar quarter  
or typewriter.

Employee (ACCOUNT NUMBER CARD)	Cash Wages Paid to Employee in the Quarter (BEFORE TAX DEDUCTION)	
	\$ 267	00
+	87	00
Total Cash Wages	\$ 354	00

Show the total amount of taxable wages you paid the employee during the quarter.

Enter here the total cash wages you paid during the quarter to all household employees who met the \$50 a quarter test.

16-67283-5 ☆ GPO

Cash wages here  
(EMPLOYEE TAX)

\$ 15	93
DOLLARS	CENTS

If no tax is due, write "None" and advise if returns will be needed for future quarters.

$$\begin{array}{r}
 354 \\
 \times .04\frac{1}{2} \\
 \hline
 177 \\
 1416 \\
 \hline
 15.93
 \end{array}$$

Multiply the total cash wages by 4½ percent. You must pay this amount when you send or take the return to the District Director.

Return for Calendar Quarter  
(Months and Year)

Jan - Feb - Mar  
Due April 30, 1957

return to the best of my knowledge and belief.

*Mrs. John Doe*  
(Signature of Employer)

Please remember that the return should be signed and dated by the employer.

16-67283-5

complicated. Above is a sample return as it should be filled in.



cate this fact on the form and send it back to the District Director. If you do not expect to pay taxable wages in the future, this information should also be given (for instance, by writing "final return" on the bottom portion of the return). If you later resume paying taxable wages, please notify the District Director.

Form 942 provides space for listing four employees. If you need more space, use a plain sheet of paper and list the account numbers, names, and wages of your employees in the same arrangement as shown on Form 942. Also be sure to write your own name and address and the calendar quarter covered at the top of this sheet of paper so that it can be identified if it becomes separated from your return on Form 942. Any wages reported on this sheet of paper should be included in the "Total Cash Wages" on your return, and the sheet of paper should be enclosed in the pocket of the form.

## ***8. Payment of Taxes***

The taxes may be paid to the District Director's office either by mail or in person.

If you mail your return to the District Director, enclose your payment in the pocket provided on the return. If you use checks or money orders, make them payable to "Internal Revenue Service." To avoid loss, do not send cash through the mail. Postage stamps are not acceptable in payment of taxes.

## ***9. Correcting Mistakes***

As explained on page 5, the employer should correct any mistake made in deducting employee tax from a worker's wages.

If, after filing a return on Form 942, you find you made a mistake which resulted in your payment of too much tax to the District Director, you may subtract the difference on your next quarterly return. If a mistake results in payment of not enough tax, and the District Director has not requested payment, you should add the difference on your next quarterly return. In either event, write an explanation of the mistake and enclose it in the pocket of the return on which you subtract or add the difference.

If you find you made a mistake in the name, social security account number, or wages of any employee, advise the District Director what the mistake was, the quarterly return on which it was made, and what the correct information should be.

## **10. *Keeping Records***

In order to avoid future misunderstandings, and to safeguard the interests of your employees, it is important that you keep records which will enable you to make correct and complete returns.

Your records should include details such as the employee's social security account number and name, dates and amounts of cash wage payments, and employee tax deducted. You may keep the records in any form you wish. Pages 13 and 14 of this pamphlet provide convenient space for keeping records of the information you show in your returns on Form 942.

## **11. *Statements for Employees***

The law requires each employer to furnish to each employee a written statement of wages and employee tax for each calendar year, on or before January 31 of the next year. If a household worker's employment ends before December 31, the employer's statement should cover the part of the year through the last day of employment, and should be furnished within 30 days after the day on which the last payment of wages is made to the employee.

Each written statement should show (a) the employer's name and address, (b) the employee's name, address, and social security account number, (c) the total amount of wages paid in the year (or part year), and (d) the total amount of employee tax deducted, if any.

The written statement may be in any form suitable for the employee to keep. Three copies of Form SS-14 which may be used for this purpose appear on page 15 of this circular. If you need additional Forms SS-14 the District Director will supply you copies upon request.

## **12. *Penalties***

Avoid penalties and interest by making timely returns and payments of tax. The law provides a penalty for late filing unless reasonable cause is shown for the delay. If you are unavoidably late in filing a return, send a written explanation along with your return. The law also provides a penalty for failure to furnish the statements referred to in section 11.



13. *Table of 2¼ Percent Employee Tax Deductions*

Since you are allowed to figure the tax on the nearest whole dollar of the amount of wages paid, this table shows wages in whole dollars.

<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>
\$1.....	\$0.02	\$26....	\$0.59	\$51....	\$1.15	\$76....	\$1.71
\$2.....	.05	\$27....	.61	\$52....	1.17	\$77....	1.73
\$3.....	.07	\$28....	.63	\$53....	1.19	\$78....	1.76
\$4.....	.09	\$29....	.65	\$54....	1.22	\$79....	1.78
\$5.....	.11	\$30....	.68	\$55....	1.24	\$80....	1.80
\$6.....	.14	\$31....	.70	\$56....	1.26	\$81....	1.82
\$7.....	.16	\$32....	.72	\$57....	1.28	\$82....	1.85
\$8.....	.18	\$33....	.74	\$58....	1.31	\$83....	1.87
\$9.....	.20	\$34....	.77	\$59....	1.33	\$84....	1.89
\$10....	.23	\$35....	.79	\$60....	1.35	\$85....	1.91
\$11....	.25	\$36....	.81	\$61....	1.37	\$86....	1.94
\$12....	.27	\$37....	.83	\$62....	1.40	\$87....	1.96
\$13....	.29	\$38....	.86	\$63....	1.42	\$88....	1.99
\$14....	.32	\$39....	.88	\$64....	1.44	\$89....	2.00
\$15....	.34	\$40....	.90	\$65....	1.46	\$90....	2.03
\$16....	.36	\$41....	.92	\$66....	1.49	\$91....	2.05
\$17....	.38	\$42....	.95	\$67....	1.51	\$92....	2.07
\$18....	.41	\$43....	.97	\$68....	1.53	\$93....	2.09
\$19....	.43	\$44....	.99	\$69....	1.55	\$94....	2.12
\$20....	.45	\$45....	1.01	\$70....	1.58	\$95....	2.14
\$21....	.47	\$46....	1.04	\$71....	1.60	\$96....	2.16
\$22....	.50	\$47....	1.06	\$72....	1.62	\$97....	2.18
\$23....	.52	\$48....	1.08	\$73....	1.64	\$98....	2.21
\$24....	.54	\$49....	1.10	\$74....	1.67	\$99....	2.23
\$25....	.56	\$50....	1.13	\$75....	1.69	\$100...	2.25

NOTE.—You may figure an amount which you may report as tax due on Form 942 by doubling the tax amounts in this table. For example, if total wages of \$113 are paid during the quarter, the employee tax is \$2.54 (\$2.25 tax for \$100 wages plus \$0.29 tax for \$13 wages). The tax on Form 942 may be reported as double the amount of the employee tax, or \$5.08 (\$2.54 employee tax plus \$2.54 employer tax).

14. Employer's Copies of Returns

When you fill in your quarterly returns, you will wish to record the information shown on them. Here is a convenient place for doing so. (See section 10.)

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4½ percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4½ percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4½ percent)		



Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4½ percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4½ percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4½ percent)		

15. Copies of Receipts for Employees

A written statement of wages must be furnished each employee.  
(See section 11.)

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(Federal Old-Age and Survivors Insurance)

EMPLOYEE TO WHOM PAID		Social Security account number	
Name_____		000	00 0000
Address_____			
If for a calendar year,  indicate year . . . . . 195_____		If not for a calendar year, give beginning and closing dates:  from _____, 195____, to _____, 195_____	
Total wages under the Federal Insurance Contributions Act . . \$_____		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$_____	
EMPLOYER BY WHOM PAID			
Name_____			
Address_____			

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(Federal Old-Age and Survivors Insurance)

EMPLOYEE TO WHOM PAID		Social Security account number	
Name_____		000	00 0000
Address_____			
If for a calendar year,  indicate year . . . . . 195_____		If not for a calendar year, give beginning and closing dates:  from _____, 195____, to _____, 195_____	
Total wages under the Federal Insurance Contributions Act . . \$_____		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$_____	
EMPLOYER BY WHOM PAID			
Name_____			
Address_____			

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(Federal Old-Age and Survivors Insurance)

EMPLOYEE TO WHOM PAID		Social Security account number	
Name_____		000	00 0000
Address_____			
If for a calendar year,  indicate year . . . . . 195_____		If not for a calendar year, give beginning and closing dates:  from _____, 195____, to _____, 195_____	
Total wages under the Federal Insurance Contributions Act . . \$_____		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$_____	
EMPLOYER BY WHOM PAID			
Name_____			
Address_____			





3 0112 063918319

S. TREASURY DEPARTMENT  
DISTRICT DIRECTOR OF INTERNAL REVENUE

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

556.24  
Un 3 h  
1957

# Household Employer's

*Instructions for the reporting  
and payment of employer and  
employee taxes on the wages  
of household employees, such  
as:*

MAIDS  
LAUNDRESSES  
COOKS  
HOUSEKEEPERS  
GARDENERS  
JANITORS  
FURNACEMEN  
HANDYMEN  
GOVERNESSES  
VALETS  
BUTLERS  
CHAUFFEURS

and other workers who per-  
form services of a household  
nature in or about a private  
home of the employer (other  
than on a farm operated for  
profit).

## SOCIAL SECURITY TAX GUIDE

**CIRCULAR H** (Rev. Dec. 1957)

**U. S. TREASURY DEPARTMENT • INTERNAL REVENUE SERVICE**

**Publication No. 14** (Rev. 12/57)

THE LIBRARY OF TH

JAN 17 1958



# Calendar for Household Employers whose employees meet the \$50 a quarter test described on pages 3 and 4

## *When you hire a household employee*

Make a written record of the employee's name and social security account number. If possible, copy the name and account number from the employee's social security account number card. (See page 6.)

## *On each payment of cash wages to an employee*

An employee tax of  $2\frac{1}{4}$  percent is deductible from each wage payment. (See page 5.)

## *On or before each April 30, July 31, October 31, and January 31*

Send or take a tax return to the District Director of Internal Revenue, together with payment of the full amount of taxes due (if any) for the previous calendar quarter. (See pages 7 to 10.)

## *For each calendar year, or when an employee leaves*

Furnish to each employee a statement of wages paid and employee tax deducted during the year. (See pages 11 and 15.)

## Table of Contents

Sec. No.	Page No.	Sec. No.	Page No.
Social Security for Household Workers . . . . .	3	Specimen Form 942 and How To Fill It In . . . . .	8
1. The Taxes . . . . .	3	8. Payment of Taxes . . . . .	10
2. How To Determine If Taxes Are Due—The "\$50 a Quarter" Test . . . . .	3	9. Correcting Mistakes . . . . .	10
3. What Are Taxable Wages . . . . .	5	10. Keeping Records . . . . .	11
4. Deducting Employee Tax . . . . .	5	11. Statements for Employees . . . . .	11
5. Optional Use of Whole Dollar Amounts . . . . .	6	12. Penalties . . . . .	11
6. Employee Account Numbers . . . . .	6	13. Table of $2\frac{1}{4}$ Percent Employee Tax Deductions . . . . .	12
7. Quarterly Returns . . . . .	7	14. Employer's Copies of Returns . . . . .	13 and 14
		15. Copies of Receipts for Employees . . . . .	15

336.24  
Lm 3 h  
1957

# Social Security for Household Workers

The Federal Social Security law covers some (but not all) household employees. For those who qualify this provides:

- Monthly payments when they reach retirement age (65 for men, 62 for women).
- Monthly payments at age 50 if totally disabled.
- Payments to their families when they die.

These payments are made by the Social Security Administration, and information about them may be secured at your nearest social security district office.

This pamphlet, Circular H, provides information and instructions for employers of workers who perform services of a household nature in or about a private home of the employer (other than on a farm which is operated for profit).

The District Director of Internal Revenue will furnish, upon request, another pamphlet (Circular A) to employers who have workers on a farm which is operated for profit, or a pamphlet (Circular E) for other business employers.

## 1. *The Taxes*

Under the Social Security system, taxes are imposed by the Federal Insurance Contributions Act on both employers and employees. These taxes are sometimes known as "Social Security taxes." The employer tax and the employee tax are each  $2\frac{1}{4}$  percent of taxable wages paid, making a total of  $4\frac{1}{2}$  percent.

The taxes apply to cash wages paid for household services, if such wages meet the \$50 a quarter test described in the next section.

## 2. *How To Determine If Taxes Are Due— The "\$50 a Quarter" Test*

A special test is provided by law to determine whether or not the wages of a household employee are taxable.

If an employer pays an employee \$50 or more cash wages in a calendar quarter for household services, the taxes apply to all cash wages paid by the employer to the employee in such quarter regardless of when earned.



In general, services of a household nature in or about a private home include services performed by cooks, waiters, butlers, housekeepers, governesses, maids, valets, baby sitters, janitors, laundresses, furnacemen, caretakers, handymen, gardeners, footmen, grooms, and chauffeurs of automobiles for family use.

No taxes are due on amounts you pay to persons who are not your employees. Carpenters, painters, plumbers, repairmen, etc., if working for you as independent contractors are not your employees. If in doubt whether the taxes apply to any worker, request advice from the District Director.

The calendar quarters are as follows:

January–February–March;  
April–May–June;  
July–August–September;  
October–November–December.

The \$50 a quarter test applies separately to each household worker you employ.

The following examples illustrate the way the test works:

*Less than \$50 cash wages paid in quarter.*—Suppose you pay a baby sitter several times in a quarter but it adds up to only \$47. No tax is due because the \$50 a quarter test has not been met.

*Different employers.*—Suppose a maid works part time for you and part time for a neighbor. You pay her \$75 in the quarter but your neighbor pays only \$40. You must pay taxes on your payments because they were \$50 or more. However, your neighbor does not owe taxes on her payments since the \$50 a quarter test has not been met.

*Different employees.*—Suppose you frequently hire cleaning women by the day, but not always the same one. During the quarter, you pay one of them \$22, another \$74, and still another \$10. You must pay taxes on the \$74 because the \$50 a quarter test has been met for this employee. No taxes are due on the other payments.

*Partial payment.*—Suppose that a maid works for you in January, February, and until March 15, when she quits. She had earned \$125 during these months and you pay her \$40 in March and the balance of \$85 in April. No tax is due for the first quarter on the \$40 paid in March. However, you must pay tax for the second quarter on the \$85 paid in April since the \$50 a quarter test is met in that quarter.

### ***3. What Are Taxable Wages***

The taxes apply only to the cash wages of household employees. Checks, money orders, etc., are taxable in the same manner as cash. On the other hand, you should disregard the value of food, lodging, clothing, car tokens, and other noncash items which you furnish to household employees. However, if cash is given in lieu of these items it constitutes wages.

It is immaterial whether payments are based on the hour, day, week, month, or year, or on piecework.

The taxes do not apply to amounts paid by an employer to his or her mother, father, wife or husband, or to the employer's son or daughter under the age of 21.

If you pay an employee more than \$4,200 in a calendar year, the taxes apply only to the first \$4,200 you pay the employee in that year.

In reporting "cash wages" on your quarterly returns, show the full amount before tax was deducted. For example, if an employee's cash wages were \$50 but you deducted \$1.13 as employee tax, you should still show \$50 cash wages on your return.

### ***4. Deducting Employee Tax***

The employer should deduct the employee tax, at the rate of  $2\frac{1}{4}$  percent, from each payment of cash wages to an employee, if the employer expects the employee to meet the \$50 a quarter test. At the time you make a cash wage payment to an employee, however, it is possible that you will not be sure the \$50 a quarter test will be met. In that case you may withhold the employee tax at that time if you so desire. If you prefer to pay the employee tax without deducting it from the employee's wages you may do so. If for some other reason you do not deduct employee tax from taxable wages, you are nevertheless required to pay the employee tax to the District Director. The combined amount of employee tax and employer tax, a total of  $4\frac{1}{2}$  percent, is payable to the District Director in the manner explained in sections 7 and 8.

If you fail to deduct employee tax from a wage payment to an employee, or if you deduct less than the correct amount, you may adjust the error by deducting such tax from a later payment to the same employee. On the other hand, if you deduct employee tax when no tax is due, or if you deduct more than the correct amount, you should repay the employee.

If, in figuring the amount of employee tax to be deducted, you find a fraction of a cent, disregard the fraction if it is less than one-half cent. If the fraction is one-half cent or more, count it a full cent.



## ***5. Optional Use of Whole Dollar Amounts***

If you pay wages in dollars and cents you may, if you so desire, treat the nearest whole dollar as the amount of taxable wages for the purposes of determining whether the \$50 a quarter test is met, figuring employee tax deductions, and reporting wages on your return. For example, if you pay any amount between \$4.50 and \$5.49, inclusive, you may treat \$5 as the taxable wage. A 2¼ percent tax deduction table, based on whole dollars, is shown on page 12.

If you use this method on any wage payment made to a household employee in a quarter, you must use the same method on all other wage payments to household employees in that quarter.

## ***6. Employee Account Numbers***

The Social Security Administration keeps a lifetime record of the amount of wages paid to each employee. The wage record of each employee is identified by an account number. This is necessary to prevent mix-ups between workers with the same or similar names. An account number consists of nine digits separated as follows: 000-00-0000.

When you employ a household worker who may meet the \$50 a quarter test, you should make a written record of the employee's name and social security account number. If possible, they should be copied from the employee's social security account number card. Also record the employee's home address. If you report the employee's name and account number accurately, it will insure proper credit to the employee's social security account and save follow-up correspondence to identify these credits.

If an employee has no account number, he should get one by filling in Form SS-5 ("Application for Social Security Account Number"). This form may be obtained from the nearest district office of the Social Security Administration or, if there is no such office in town, from the post office or the District Director. The completed Form SS-5 should be taken or sent to the nearest social security district office, the address of which may be obtained at the post office.

If the employee has no account number card but has a receipt showing that he has made application for a card, ask the employee to show you the account number card as soon as he receives it. If the employee does not have an account number card in his possession, even though he may have been issued one, record his full name and address. Inform the employee of the importance of showing you his account number card in time to insure accurate reporting of wages.



7. *Quarterly Returns*

Beginning with the first calendar quarter in which an employer pays taxable wages to one or more household employees, the employer must file quarterly returns reporting the taxable wages, if any, paid in each quarter. The employer will use either Form 941 or Form 942, as follows:

- a. Form 942 is a special, simplified form (printed on the back of a return envelope), which may be used by all employers of household workers as described in this pamphlet.
- b. Form 941 is the regular form used by business employers. If an employer of household workers is already filing Form 941 for his business employees, he may include his household workers on Form 941, identified in the manner specified in the instructions on that form.

Once you start using either of these forms for household workers, you should not change forms without notifying the District Director.

The return-filing instructions in this pamphlet relate only to the use of Form 942. Instructions relating to Form 941 are in Circular E.

Form 942 is called the “Employer’s Quarterly Tax Return for Household Employees (For Social Security).” Near the end of each calendar quarter, the District Director will mail a Form 942 to each household employer on his mailing list. If taxes are due from a household employer who is not on the mailing list, the employer should ask the District Director for Form 942, and should advise the District Director of the name and address to be added to his mailing list.

The calendar quarters of the year and the last day for filing a return for each quarter are as follows:

<i>Months in quarter</i>	<i>Return due</i>
January, February, March . . . . .	Apr. 30.
April, May, June . . . . .	July 31.
July, August, September . . . . .	Oct. 31.
October, November, December . . . . .	Jan. 31.

The District Director will keep your name on his mailing list until you advise him that your name should be removed. In order to help the District Director to maintain a current mailing list, and to avoid follow-up inquiries, you should make a return for each quarter.

If the District Director mails you a copy of Form 942 for a quarter when you did not pay any taxable wages, you should indi-





Employer's Quarterly Tax Return  
(FOR SOCIAL SECURITY TAXES)

This space is for your name and address. The District Director ordinarily stamps your name and address here before mailing the Form 942 to you. If incorrect, or if your address changes, draw a line through the error and write in the necessary correction.

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

Fill in one line for each household employee to whom you are covered by this return. (See Circular H.) *Please use ink*

Be sure to enter the account number correctly so that each employee's wages will be credited to the right account. If you don't know the number, write "Unknown" in this space and insert in the pocket of the return a sheet of paper showing the employee's name and address. (See section 6.)

Employee's Social Security  
Account Number

Name of Employee  
(PLEASE PRINT AS SHOWN ON ACCOUNT NUMBER CARD)

000 00 0000

MARY R. ROE

111 11 1111

SUSAN S. SMITH

Make check or money order payable to  
INTERNAL REVENUE SERVICE

Insert  
here

Please print or type the full name of the employee as shown on his or her account number card.

**Taxes Due—Enter 4½% of total**  
(2¼% EMPLOYER TAX PLUS 2¼% EMPLOYEE TAX)

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

I declare under the penalties of perjury that this is a true, correct, and complete return.

April 15, 1958  
(Date)

FORM 942 (REVISED JAN. 1957)  
U. S. TREASURY DEPARTMENT, INTERNAL REVENUE SERVICE

Specimen Form 942 and how to fill it in.—Filling in your return is not

Return for Household Employees

(SECURITY)

Return for Calendar Quarter  
(Months and Year)

Jan - Feb - Mar  
Due April 30, 1958

This space should show the months in the calendar quarter covered by the return. Ordinarily the District Director will stamp in the months, and also will show the date the return is due.

paid \$50 or more cash wages in the calendar quarter  
typewriter.

Employee (ACCOUNT NUMBER CARD)	Cash Wages Paid to Employee in the Quarter (BEFORE TAX DEDUCTION)	
	\$ 267	00
	87	00
Total Cash Wages	\$ 354	00

Show the total amount of taxable wages you paid the employee during the quarter.

Enter here the total cash wages you paid during the quarter to all household employees who met the \$50 a quarter test.

16-67283-5 ☆ GPO

Cash wages here  
(EMPLOYEE TAX)

\$ 15	93
DOLLARS	CENTS

If no tax is due, write "None" and advise if returns will be needed for future quarters.

$$\begin{array}{r} 354 \\ \times .04\frac{1}{2} \\ \hline 177 \\ 1416 \\ \hline 15.93 \end{array}$$

Multiply the total cash wages by 4½ percent. You must pay this amount when you send or take the return to the District Director.

Return for Calendar Quarter  
(Months and Year)

Jan - Feb - Mar  
Due April 30, 1958

Return to the best of my knowledge and belief.

Mrs. John Doe  
(Signature of Employer)

Please remember that the return should be signed and dated by the employer.

16-67283-5

complicated. Above is a sample return as it should be filled in.



cate this fact on the form and send it back to the District Director. If you do not expect to pay taxable wages in the future, this information should also be given (for instance, by writing "final return" on the bottom portion of the return). If you later resume paying taxable wages, please notify the District Director.

Form 942 provides space for listing four employees. If you need more space, use a plain sheet of paper and list the account numbers, names, and wages of your employees in the same arrangement as shown on Form 942. Also be sure to write your own name and address and the calendar quarter covered at the top of this sheet of paper so that it can be identified if it becomes separated from your return on Form 942. Any wages reported on this sheet of paper should be included in the "Total Cash Wages" on your return, and the sheet of paper should be enclosed in the pocket of the form.

## **8. *Payment of Taxes***

The taxes may be paid to the District Director's office either by mail or in person.

If you mail your return to the District Director, enclose your payment in the pocket provided on the return. If you use checks or money orders, make them payable to "Internal Revenue Service." To avoid loss, do not send cash through the mail. Postage stamps are not acceptable in payment of taxes.

## **9. *Correcting Mistakes***

As explained on page 5, the employer should correct any mistake made in deducting employee tax from a worker's wages.

If, after filing a return on Form 942, you find you made a mistake which resulted in your payment of too much tax to the District Director, you may subtract the difference on your next quarterly return. If a mistake results in payment of not enough tax, and the District Director has not requested payment, you should add the difference on your next quarterly return. In either event, write an explanation of the mistake and enclose it in the pocket of the return on which you subtract or add the difference.

If you find you made a mistake in the name, social security account number, or wages of any employee, advise the District Director what the mistake was, the quarterly return on which it was made, and what the correct information should be.

## 10. *Keeping Records*

In order to avoid future misunderstandings, and to safeguard the interests of your employees, it is important that you keep records which will enable you to make correct and complete returns.

Your records should include details such as the employee's social security account number and name, dates and amounts of cash wage payments, and employee tax deducted. You may keep the records in any form you wish. Pages 13 and 14 of this pamphlet provide convenient space for keeping records of the information you show in your returns on Form 942. If you prefer to keep duplicate copies of Form 942, ask the district director to furnish you a supply of Form 942A.

## 11. *Statements for Employees*

The law requires each employer to furnish to each employee a written statement of wages and employee tax for each calendar year, on or before January 31 of the next year. If a household worker's employment ends before December 31, the employer's statement should cover the part of the year through the last day of employment, and should be furnished within 30 days after the day on which the last payment of wages is made to the employee.

Each written statement should show (a) the employer's name and address, (b) the employee's name, address, and social security account number, (c) the total amount of wages paid in the year (or part year), and (d) the total amount of employee tax deducted, if any.

The written statement may be in any form suitable for the employee to keep. Three copies of Form SS-14 which may be used for this purpose appear on page 15 of this circular. If you need additional Forms SS-14 the District Director will supply you copies upon request.

## 12. *Penalties* {

Avoid penalties and interest by making timely returns and payments of tax. The law provides a penalty for late filing unless reasonable cause is shown for the delay. If you are unavoidably late in filing a return, send a written explanation along with your return. The law also provides a penalty for failure to furnish the statements referred to in section 11.



13. *Table of 2¼ Percent Employee Tax Deductions*

Since you are allowed to figure the tax on the nearest whole dollar of the amount of wages paid, this table shows wages in whole dollars.

<i>If wage payment is—</i>	<i>The em- ployeetax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployeetax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployeetax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployeetax to be deducted is—</i>
\$1.....	\$0.02	\$26....	\$0.59	\$51....	\$1.15	\$76....	\$1.71
\$2.....	.05	\$27....	.61	\$52....	1.17	\$77....	1.73
\$3.....	.07	\$28....	.63	\$53....	1.19	\$78....	1.76
\$4.....	.09	\$29....	.65	\$54....	1.22	\$79....	1.78
\$5.....	.11	\$30....	.68	\$55....	1.24	\$80....	1.80
\$6.....	.14	\$31....	.70	\$56....	1.26	\$81....	1.82
\$7.....	.16	\$32....	.72	\$57....	1.28	\$82....	1.85
\$8.....	.18	\$33....	.74	\$58....	1.31	\$83....	1.87
\$9.....	.20	\$34....	.77	\$59....	1.33	\$84....	1.89
\$10....	.23	\$35....	.79	\$60....	1.35	\$85....	1.91
\$11....	.25	\$36....	.81	\$61....	1.37	\$86....	1.94
\$12....	.27	\$37....	.83	\$62....	1.40	\$87....	1.96
\$13....	.29	\$38....	.86	\$63....	1.42	\$88....	1.98
\$14....	.32	\$39....	.88	\$64....	1.44	\$89....	2.00
\$15....	.34	\$40....	.90	\$65....	1.46	\$90....	2.03
\$16....	.36	\$41....	.92	\$66....	1.49	\$91....	2.05
\$17....	.38	\$42....	.95	\$67....	1.51	\$92....	2.07
\$18....	.41	\$43....	.97	\$68....	1.53	\$93....	2.09
\$19....	.43	\$44....	.99	\$69....	1.55	\$94....	2.12
\$20....	.45	\$45....	1.01	\$70....	1.58	\$95....	2.14
\$21....	.47	\$46....	1.04	\$71....	1.60	\$96....	2.16
\$22....	.50	\$47....	1.06	\$72....	1.62	\$97....	2.18
\$23....	.52	\$48....	1.08	\$73....	1.64	\$98....	2.21
\$24....	.54	\$49....	1.10	\$74....	1.67	\$99....	2.23
\$25....	.56	\$50....	1.13	\$75....	1.69	\$100..	2.25

NOTE.—You may figure an amount which you may report as tax due on Form 942 by doubling the tax amounts in this table. For example, if total wages of \$113 are paid during the quarter, the employee tax is \$2.54 (\$2.25 tax for \$100 wages plus \$0.29 tax for \$13 wages). The tax on Form 942 may be reported as double the amount of the employee tax, or \$5.08 (\$2.54 employee tax plus \$2.54 employer tax).

14. Employer's Copies of Returns

When you fill in your quarterly returns, you will wish to record the information shown on them. Here is a convenient place for doing so. (See section 10.)

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4½ percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4½ percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (4½ percent)		



Calendar Quarter:		Date Filed:	
Employee Number	Employee Name	Cash Wages	
		\$	
Total Cash Wages		\$	
Tax (4½ percent)			

Calendar Quarter:		Date Filed:	
Employee Number	Employee Name	Cash Wages	
		\$	
Total Cash Wages		\$	
Tax (4½ percent)			

Calendar Quarter:		Date Filed:	
Employee Number	Employee Name	Cash Wages	
		\$	
Total Cash Wages		\$	
Tax (4½ percent)			

15. Copies of Receipts for Employees

A written statement of wages must be furnished each employee.  
(See section 11.)

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(For Social Security)

EMPLOYEE TO WHOM PAID		Social Security account number		
Name		000	00	0000
Address				
If for a calendar year,		If not for a calendar year, give beginning and closing dates:		
indicate year . . . . . 195		from , 195, to , 195		
Total wages under the Federal Insurance Contributions Act . . \$		Total Federal Insurance Contributions Act employee tax withheld, if any . \$		

EMPLOYER BY WHOM PAID

Name

Address

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(For Social Security)

EMPLOYEE TO WHOM PAID		Social Security account number		
Name		000	00	0000
Address				
If for a calendar year,		If not for a calendar year, give beginning and closing dates:		
indicate year . . . . . 195		from , 195, to , 195		
Total wages under the Federal Insurance Contributions Act . . \$		Total Federal Insurance Contributions Act employee tax withheld, if any . \$		

EMPLOYER BY WHOM PAID

Name

Address

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(For Social Security)

EMPLOYEE TO WHOM PAID		Social Security account number		
Name		000	00	0000
Address				
If for a calendar year,		If not for a calendar year, give beginning and closing dates:		
indicate year . . . . . 195		from , 195, to , 195		
Total wages under the Federal Insurance Contributions Act . . \$		Total Federal Insurance Contributions Act employee tax withheld, if any . \$		

EMPLOYER BY WHOM PAID

Name

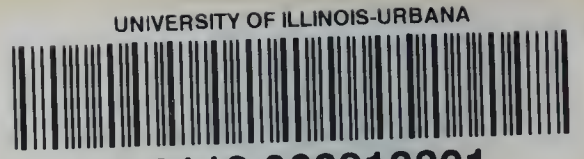
Address



U. S. TREASURY DEPARTMENT  
DISTRICT DIRECTOR OF INTERNAL REVENUE

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

OFFICIAL BUSINESS



c56-16-72794-2 U. S. GOVERNMENT PRINTING OF

336.24

Un 3R

1958



# Household Employer's

## SOCIAL SECURITY TAX GUIDE

*Instructions for the reporting and payment of employer and employee taxes on the wages of household employees, such as:*

MAIDS  
LAUNDRESSES  
COOKS  
HOUSEKEEPERS  
GARDENERS  
JANITORS  
FURNACEMEN  
HANDYMEN  
GOVERNESSES  
VALETS  
BUTLERS  
CHAUFFEURS

and other workers who perform services of a household nature in or about a private home of the employer (other than on a farm operated for profit).

### NEW RATES AND WAGE BASE IN EFFECT JANUARY 1, 1959

The tax rates have been increased to  $2\frac{1}{2}\%$  for employers and  $2\frac{1}{2}\%$  for employees, or a total of 5%. These rates are applicable to wages paid on or after January 1, 1959, even though the wages were earned prior to that date.

Also, the taxes apply to the first \$4,800 of wages paid by an employer to each employee each year instead of \$4,200.

THE LIBRARY OF THE

DEC 3 1958

CIRCULAR H

UNIVERSITY OF ILLINOIS

U. S. TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE

Publication No. 14 (Rev. 10/58)



# Calendar for Household Employers whose employees meet the \$50 a quarter test described on pages 3 and 4

## *When you hire a household employee*

Make a written record of the employee's name and social security account number. If possible, copy the name and account number from the employee's social security account number card. (See page 6.)

## *On each payment of cash wages to an employee*

An employee tax of 2½ percent is deductible from each wage payment. (See page 5.)

## *On or before each April 30, July 31, October 31, and January 31*

Send or take a tax return to the District Director of Internal Revenue, together with payment of the full amount of taxes due (if any) for the previous calendar quarter. (See pages 7 to 10.)

## *For each calendar year, or when an employee leaves*

Furnish to each employee a statement of wages paid and employee tax deducted during the year. (See pages 11 and 15.)

## Table of Contents

Sec. No.	Page No.	Sec. No.	Page No.
Social Security for Household Workers . . . . .	3	Specimen Form 942 and How To Fill It In . . . . .	8
1. The Taxes . . . . .	3	8. Payment of Taxes . . . . .	10
2. How To Determine If Taxes Are Due—The "\$50 a Quarter" Test . . . . .	3	9. Correcting Mistakes . . . . .	10
3. What Are Taxable Wages . . . . .	5	10. Keeping Records . . . . .	11
4. Deducting Employee Tax . . . . .	5	11. Statements for Employees . . . . .	11
5. Optional Use of Whole Dollar Amounts . . . . .	6	12. Penalties . . . . .	11
6. Employee Account Numbers . . . . .	6	13. Table of 2½ Percent Employee Tax Deductions . . . . .	12
7. Quarterly Returns . . . . .	7	14. Employer's Copies of Returns . . . . .	13 and 14
		15. Copies of Receipts for Employees . . . . .	15

# Social Security for Household Workers

The Federal Social Security law covers some (but not all) household employees. For those who qualify this provides:

- Monthly payments to them when they reach retirement age (65 for men, 62 for women).
- Monthly payments to them if they are at least age 50 and totally disabled, and to their families.
- Payments to their families when they die.

These payments are made by the Social Security Administration, and information about them may be secured at your nearest social security district office.

This pamphlet, Circular H, provides information and instructions for employers of workers who perform services of a household nature in or about a private home of the employer (other than on a farm which is operated for profit).

The District Director of Internal Revenue will furnish, upon request, another pamphlet (Circular A) to employers who have workers on a farm which is operated for profit, or a pamphlet (Circular E) for other business employers.

## 1. *The Taxes*

Under the Social Security system, taxes are imposed by the Federal Insurance Contributions Act on both employers and employees. These taxes are sometimes known as "Social Security taxes." The employer tax and the employee tax are each 2½ percent of taxable wages paid, making a total of 5 percent.

The taxes apply to cash wages paid for household services, if such wages meet the \$50 a quarter test described in the next section.

## 2. *How To Determine If Taxes Are Due— The "\$50 a Quarter" Test*

A special test is provided by law to determine whether or not the wages of a household employee are taxable.

If an employer pays an employee \$50 or more cash wages in a calendar quarter for household services, the taxes apply to all cash wages paid by the employer to the employee in such quarter regardless of when earned.



In general, services of a household nature in or about a private home include services performed by cooks, waiters, butlers, housekeepers, governesses, maids, valets, baby sitters, janitors, laundresses, furnacemen, caretakers, handymen, gardeners, footmen, grooms, and chauffeurs of automobiles for family use.

No taxes are due on amounts you pay to persons who are not your employees. Carpenters, painters, plumbers, repairmen, etc., if working for you as independent contractors are not your employees. If in doubt whether the taxes apply to any worker, request advice from the District Director.

The calendar quarters are as follows:

January–February–March;

April–May–June;

July–August–September;

October–November–December.

The \$50 a quarter test applies separately to each household worker you employ.

The following examples illustrate the way the test works:

*Less than \$50 cash wages paid in quarter.*—Suppose you pay a baby sitter several times in a quarter but it adds up to only \$47. No tax is due because the \$50 a quarter test has not been met.

*Different employers.*—Suppose a maid works part time for you and part time for a neighbor. You pay her \$75 in the quarter but your neighbor pays only \$40. You must pay taxes on your payments because they were \$50 or more. However, your neighbor does not owe taxes on her payments since the \$50 a quarter test has not been met.

*Different employees.*—Suppose you frequently hire cleaning women by the day, but not always the same one. During the quarter, you pay one of them \$22, another \$74, and still another \$10. You must pay taxes on the \$74 because the \$50 a quarter test has been met for this employee. No taxes are due on the other payments.

*Partial payment.*—Suppose that a maid works for you in January, February, and until March 15, when she quits. She had earned \$125 during these months and you pay her \$40 in March and the balance of \$85 in April. No tax is due for the first quarter on the \$40 paid in March. However, you must pay tax for the second quarter on the \$85 paid in April since the \$50 a quarter test is met in that quarter.

### *3. What Are Taxable Wages*

The taxes apply only to the cash wages of household employees. Checks, money orders, etc., are taxable in the same manner as cash. On the other hand, you should disregard the value of food, lodging, clothing, car tokens, and other noncash items which you furnish to household employees. However, if cash is given in lieu of these items it constitutes wages.

It is immaterial whether payments are based on the hour, day, week, month, or year, or on piecework.

The taxes do not apply to amounts paid by an employer to his or her mother, father, wife or husband, or to the employer's son or daughter under the age of 21.

If you pay an employee more than \$4,800 in a calendar year, the taxes apply only to the first \$4,800 you pay the employee in that year.

In reporting "cash wages" on your quarterly returns, show the full amount before tax was deducted. For example, if an employee's cash wages were \$50 but you deducted \$1.25 as employee tax, you should still show \$50 cash wages on your return.

### *4. Deducting Employee Tax*

The employer should deduct the employee tax, at the rate of 2½ percent, from each payment of cash wages to an employee, if the employer expects the employee to meet the \$50 a quarter test. At the time you make a cash wage payment to an employee, however, it is possible that you will not be sure the \$50 a quarter test will be met. In that case you may withhold the employee tax at that time if you so desire. If you prefer to pay the employee tax without deducting it from the employee's wages you may do so. If for some other reason you do not deduct employee tax from taxable wages, you are nevertheless required to pay the employee tax to the District Director. The combined amount of employee tax and employer tax, a total of 5 percent, is payable to the District Director in the manner explained in sections 7 and 8.

If you fail to deduct employee tax from a wage payment to an employee, or if you deduct less than the correct amount, you may adjust the error by deducting such tax from a later payment to the same employee. On the other hand, if you deduct employee tax when no tax is due, or if you deduct more than the correct amount, you should repay the employee.

If, in figuring the amount of employee tax to be deducted, you find a fraction of a cent, disregard the fraction if it is less than one-half cent. If the fraction is one-half cent or more, count it a full cent.



## ***5. Optional Use of Whole Dollar Amounts***

If you pay wages in dollars and cents you may, if you so desire, treat the nearest whole dollar as the amount of taxable wages for the purposes of determining whether the \$50 a quarter test is met, figuring employee tax deductions, and reporting wages on your return. For example, if you pay any amount between \$4.50 and \$5.49, inclusive, you may treat \$5 as the taxable wage.

If you use this method on any wage payment made to a household employee in a quarter, you must use the same method on all other wage payments to household employees in that quarter.

A 2½ percent tax deduction table, based on whole dollars, is shown on page 12.

## ***6. Employee Account Numbers***

The Social Security Administration keeps a lifetime record of the amount of wages paid to each employee. The wage record of each employee is identified by an account number. This is necessary to prevent mix-ups between workers with the same or similar names. An account number consists of nine digits separated as follows: 000-00-0000.

When you employ a household worker who may meet the \$50 a quarter test, you should make a written record of the employee's name and social security account number. If possible, they should be copied from the employee's social security account number card. Also record the employee's home address. If you report the employee's name and account number accurately, it will insure proper credit to the employee's social security account and save follow-up correspondence to identify these credits.

If an employee has no account number, he should get one by filling in Form SS-5 ("Application for Social Security Account Number"). This form may be obtained from the nearest district office of the Social Security Administration or, if there is no such office in town, from the post office or the District Director. The completed Form SS-5 should be taken or sent to the nearest social security district office, the address of which may be obtained at the post office.

If the employee has no account number card but has a receipt showing that he has made application for a card, ask the employee to show you the account number card as soon as he receives it. If the employee does not have an account number card in his possession, even though he may have been issued one, record his full name and address. Inform the employee of the importance of showing you his account number card in time to insure accurate reporting of wages.

7. *Quarterly Returns*

Beginning with the first calendar quarter in which an employer pays taxable wages to one or more household employees, the employer must file quarterly returns reporting the taxable wages, if any, paid in each quarter. The employer will use either Form 941 or Form 942, as follows:

- a. Form 942 is a special, simplified form (printed on the back of a return envelope), which may be used by all employers of household workers as described in this pamphlet.
- b. Form 941 is the regular form used by business employers. If an employer of household workers is already filing Form 941 for his business employees, he may include his household workers on Form 941, identified in the manner specified in the instructions on that form.

Once you start using either of these forms for household workers, you should not change forms without notifying the District Director.

The return-filing instructions in this pamphlet relate only to the use of Form 942. Instructions relating to Form 941 are in Circular E.

Form 942 is called the “Employer’s Quarterly Tax Return for Household Employees (For Social Security).” Near the end of each calendar quarter, the District Director will mail a Form 942 to each household employer on his mailing list. If taxes are due from a household employer who is not on the mailing list, the employer should ask the District Director for Form 942, and should advise the District Director of the name and address to be added to his mailing list.

The calendar quarters of the year and the last day for filing a return for each quarter are as follows:

<i>Months in quarter</i>	<i>Return due</i>
January, February, March . . . . .	Apr. 30.
April, May, June . . . . .	July 31.
July, August, September . . . . .	Oct. 31.
October, November, December . . . . .	Jan. 31.

The District Director will keep your name on his mailing list until you advise him that your name should be removed. In order to help the District Director to maintain a current mailing list, and to avoid follow-up inquiries, you should make a return for each quarter.

If the District Director mails you a copy of Form 942 for a quarter when you did not pay any taxable wages, you should indi-



## Employer's Quarterly Tax Return

(FOR SOCIAL SECURITY TAXES)

This space is for your name and address. The District Director ordinarily stamps your name and address here before mailing the Form 942 to you. If incorrect, or if your address changes, draw a line through the error and write in the necessary correction.

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

Fill in one line for each household employee to whom covered by this return. (See Circular H.) Please use

Be sure to enter the account number correctly so that each employee's wages will be credited to the right account. If you don't know the number, write "Unknown" in this space and insert in the pocket of the return a sheet of paper showing the employee's name and address. (See section 6.)

Employee's Social Security Account Number

Name (PLEASE PRINT AS SHOWN ON IDENTIFICATION CARD)

000 00 0000

MARY R. ROLOFF

111 11 1111

SUSAN S. SMITH

Make check or money order payable to  
INTERNAL REVENUE SERVICE

Insert  
here

Please print or type the full name of the employee as shown on his or her account number card.

**Taxes Due—Enter 5% of total**

(2½% EMPLOYER TAX PLUS 2½% SOCIAL SECURITY TAX)

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

I declare under the penalties of perjury that this is a true, correct, and complete return.

April 15, 1959  
(Date)

FORM 942

U. S. TREASURY DEPARTMENT, INTERNAL REVENUE SERVICE

Specimen Form 942 and how to fill it in.—Filling in your return

Return for Household Employees

SECURITY)

Return for Calendar Quarter  
(Months and Year)

Jan - Feb - Mar  
Due April 30, 1959

This space should show the months in the calendar quarter covered by the return. Ordinarily the District Director will stamp in the months, and also will show the date the return is due.

You paid \$50 or more cash wages in the calendar quarter  
for typewriter.

Employee (ACCOUNT NUMBER CARD)	Cash Wages Paid to Employee in the Quarter (BEFORE TAX DEDUCTION)	
	\$ 267	00
H	87	00
Total Cash Wages	\$ 354	00

Show the total amount of taxable wages you paid the employee during the quarter.

Enter here the total cash wages you paid during the quarter to all household employees who met the \$50 a quarter test.

16-67283-6 ☆ GPO

$$\begin{array}{r} 354 \\ \times .05 \\ \hline 17.70 \end{array}$$

Cash wages here  
EMPLOYEE TAX

\$ 17	70
DOLLARS	CENTS

If no tax is due, write "None" and advise if returns will be needed for future quarters.

Multiply the total cash wages by 5 percent. You must pay this amount when you send or take the return to the District Director.

Return for Calendar Quarter  
(Months and Year)

Jan - Feb - Mar  
Due April 30, 1959

I return to the best of my knowledge and belief.

Mrs. John Doe  
(Signature of Employer)

Please remember that the return should be signed and dated by the employer.

16-67283-6

Not complicated. Above is a sample return as it should be filled in.



cate this fact on the form and send it back to the District Director. If you do not expect to pay taxable wages in the future, this information should also be given (for instance, by writing "final return" on the bottom portion of the return). If you later resume paying taxable wages, please notify the District Director.

Form 942 provides space for listing four employees. If you need more space, use a plain sheet of paper and list the account numbers, names, and wages of your employees in the same arrangement as shown on Form 942. Also be sure to write your own name and address and the calendar quarter covered at the top of this sheet of paper so that it can be identified if it becomes separated from your return on Form 942. Any wages reported on this sheet of paper should be included in the "Total Cash Wages" on your return, and the sheet of paper should be enclosed in the pocket of the form.

## ***8. Payment of Taxes***

The taxes may be paid to the District Director's office either by mail or in person.

If you mail your return to the District Director, enclose your payment in the pocket provided on the return. If you use checks or money orders, make them payable to "Internal Revenue Service." To avoid loss, do not send cash through the mail. Postage stamps are not acceptable in payment of taxes.

## ***9. Correcting Mistakes***

As explained on page 5, the employer should correct any mistake made in deducting employee tax from a worker's wages.

If, after filing a return on Form 942, you find you made a mistake which resulted in your payment of too much tax to the District Director, you may subtract the difference on your next quarterly return. If a mistake results in payment of not enough tax, and the District Director has not requested payment, you should add the difference on your next quarterly return. In either event, write an explanation of the mistake and enclose it in the pocket of the return on which you subtract or add the difference.

If you find you made a mistake in the name, social security account number, or wages of any employee, advise the District Director what the mistake was, the quarterly return on which it was made, and what the correct information should be.

## 10. *Keeping Records*

In order to avoid future misunderstandings, and to safeguard the interests of your employees, it is important that you keep records which will enable you to make correct and complete returns.

Your records should include details such as the employee's social security account number and name, dates and amounts of cash wage payments, and employee tax deducted. You may keep the records in any form you wish. Pages 13 and 14 of this pamphlet provide convenient space for keeping records of the information you show in your returns on Form 942. If you prefer to keep duplicate copies of Form 942, ask the district director to furnish you a supply of Form 942A.

## 11. *Statements for Employees*

The law requires each employer to furnish to each employee a written statement of wages and employee tax for each calendar year, on or before January 31 of the next year. If a household worker's employment ends before December 31, the employer's statement should cover the part of the year through the last day of employment, and should be furnished within 30 days after the day on which the last payment of wages is made to the employee.

Each written statement should show (a) the employer's name and address, (b) the employee's name, address, and social security account number, (c) the total amount of wages paid in the year (or part year), and (d) the total amount of employee tax deducted, if any.

The written statement may be in any form suitable for the employee to keep. Three copies of Form SS-14 which may be used for this purpose appear on page 15 of this circular. If you need additional Forms SS-14 the District Director will supply you copies upon request.

## 12. *Penalties*

Avoid penalties and interest by making timely returns and payments of tax. The law provides a penalty for late filing unless reasonable cause is shown for the delay. If you are unavoidably late in filing a return, send a written explanation along with your return. The law also provides a penalty for failure to furnish the statements referred to in section 11.



13. *Table of 2½ Percent Employee Tax Deductions*

Since you are allowed to figure the tax on the nearest whole dollar of the amount of wages paid, this table shows wages in whole dollars.

<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>
\$1.....	\$0.03	\$26...	\$0.65	\$51...	\$1.28	\$76...	\$1.90
\$2.....	.05	\$27...	.68	\$52...	1.30	\$77...	1.93
\$3.....	.08	\$28...	.70	\$53...	1.33	\$78...	1.95
\$4.....	.10	\$29...	.73	\$54...	1.35	\$79...	1.98
\$5.....	.13	\$30...	.75	\$55...	1.38	\$80...	2.00
\$6.....	.15	\$31...	.78	\$56...	1.40	\$81...	2.03
\$7.....	.18	\$32...	.80	\$57...	1.43	\$82...	2.05
\$8.....	.20	\$33...	.83	\$58...	1.45	\$83...	2.08
\$9.....	.23	\$34...	.85	\$59...	1.48	\$84...	2.10
\$10....	.25	\$35...	.88	\$60...	1.50	\$85...	2.13
\$11....	.28	\$36...	.90	\$61...	1.53	\$86...	2.15
\$12....	.30	\$37...	.93	\$62...	1.55	\$87...	2.18
\$13....	.33	\$38...	.95	\$63...	1.58	\$88...	2.20
\$14....	.35	\$39...	.98	\$64...	1.60	\$89...	2.23
\$15....	.38	\$40...	1.00	\$65...	1.63	\$90...	2.25
\$16....	.40	\$41...	1.03	\$66...	1.65	\$91...	2.28
\$17....	.43	\$42...	1.05	\$67...	1.68	\$92...	2.30
\$18....	.45	\$43...	1.08	\$68...	1.70	\$93...	2.33
\$19....	.48	\$44...	1.10	\$69...	1.73	\$94...	2.35
\$20....	.50	\$45...	1.13	\$70...	1.75	\$95...	2.38
\$21....	.53	\$46...	1.15	\$71...	1.78	\$96...	2.40
\$22....	.55	\$47...	1.18	\$72...	1.80	\$97...	2.43
\$23....	.58	\$48...	1.20	\$73...	1.83	\$98...	2.45
\$24....	.60	\$49...	1.23	\$74...	1.85	\$99...	2.48
\$25....	.63	\$50...	1.25	\$75...	1.88	\$100..	2.50

NOTE.—You may figure an amount which you may report as tax due on Form 942 by doubling the tax amounts in this table. For example, if total wages of \$113 are paid during the quarter, the employee tax is \$2.83 (\$2.50 tax for \$100 wages plus \$0.33 tax for \$13 wages). The tax on Form 942 may be reported as double the amount of the employee tax, or \$5.66 (\$2.83 employee tax plus \$2.83 employer tax).

14. *Employer's Record of Wages Paid*

When you fill in your quarterly returns, you will wish to record the information shown on them. Here is a convenient place for doing so. (See section 10.)

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (5 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (5 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (5 percent)		



Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (5 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (5 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (5 percent)		

15. Copies of Receipts for Employees

A written statement of wages must be furnished each employee.  
(See section 11.)

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(For Social Security)

EMPLOYEE TO WHOM PAID		Social Security account number		
Name		000	00	0000
Address				
If for a calendar year,  indicate year . . . . . 195		If not for a calendar year, give beginning and closing dates:  from , 195, to , 195		
Total wages under the Federal Insurance Contributions Act . . \$		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$		
EMPLOYER BY WHOM PAID				
Name				
Address				

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(For Social Security)

EMPLOYEE TO WHOM PAID		Social Security account number		
Name		000	00	0000
Address				
If for a calendar year,  indicate year . . . . . 195		If not for a calendar year, give beginning and closing dates:  from , 195, to , 195		
Total wages under the Federal Insurance Contributions Act . . \$		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$		
EMPLOYER BY WHOM PAID				
Name				
Address				

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(For Social Security)

EMPLOYEE TO WHOM PAID		Social Security account number		
Name		000	00	0000
Address				
If for a calendar year,  indicate year . . . . . 195		If not for a calendar year, give beginning and closing dates:  from , 195, to , 195		
Total wages under the Federal Insurance Contributions Act . . \$		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$		
EMPLOYER BY WHOM PAID				
Name				
Address				



U. S. TREASURY DEPARTMENT  
DISTRICT DIRECTOR OF INTERNAL REVENUE

POSTAGE AND FEES PAID  
INTERNAL REVENUE SERVICE

OFFICIAL BUSINESS

UNIVERSITY OF ILLINOIS-URBANA



3 0112 063918293

o56-16-72794-3

U. S. GOVERNMENT PRINTING OFFICE

536.24  
Un3h  
1960

CIRCULAR H



# Household Employer's

## SOCIAL SECURITY TAX GUIDE

*Instructions for the reporting  
and payment of employer and  
employee taxes on the wages  
of household employees, such  
as:*

MAIDS  
LAUNDRESSES  
COOKS  
HOUSEKEEPERS  
GARDENERS  
JANITORS  
FURNACEMEN  
HANDYMEN  
GOVERNESSES  
VALETS  
BUTLERS  
CHAUFFEURS

and other workers who perform services of a household nature in or about a private home of the employer (other than on a farm operated for profit).

### NEW TAX RATES IN EFFECT JANUARY 1, 1960

The tax rates applicable to wages paid on or after January 1, 1960, are 3% for employers and 3% for employees, or a total of 6%, even though the wages were earned before 1960. The taxes apply to the first \$4,800 of wages paid to each employee during the calendar year.

These rates do not change for the return which household employers must file on Form 942 covering fourth quarter filing for 1959, which is due on or before January 31, 1960.

**U.S. TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE**

Publication No. 14 (Rev. 1/60)



Calendar for  
Household Employers  
whose employees  
meet the  
\$50 a quarter test  
described on  
pages 3 and 4

*When you hire a household employee*

Make a written record of the employee's name and social security account number. If possible, copy the name and account number from the employee's social security account number card. (See page 6.)

*On each payment of cash wages to an employee*

An employee tax of 3 percent is deductible from each wage payment. (See page 5.)

*On or before each April 30, July 31, October 31, and January 31*

Send or take a tax return to the District Director of Internal Revenue, together with payment of the full amount of taxes due (if any) for the previous calendar quarter. (See pages 7 to 10.)

*For each calendar year, or when an employee leaves*

Furnish to each employee a statement of wages paid and employee tax deducted during the year. (See pages 11 and 15.)

**Table of Contents**

Sec. No.	Page No.	Sec. No.	Page No.
		Specimen Form 942 and How To Fill It In . . . . .	8
		8. Payment of Taxes . . . . .	10
		9. Correcting Mistakes . . . . .	10
		10. Keeping Records . . . . .	11
		11. Statements for Employees . . . . .	11
		12. Penalties . . . . .	11
		13. Table of 3 Percent Employee Tax Deductions . . . . .	12
		14. Employer's Record of Wages Paid . . . . .	13 and 14
		15. Copies of Receipts for Employees . . . . .	15
1. The Taxes . . . . .	3		
2. How To Determine If Taxes Are Due—The "\$50 a Quarter" Test . . . . .	3		
3. What Are Taxable Wages . . . . .	5		
4. Deducting Employee Tax . . . . .	5		
5. Optional Use of Whole Dollar Amounts . . . . .	6		
6. Employee Account Numbers . . . . .	6		
7. Quarterly Returns . . . . .	7		

336.24  
Un 34  
1960

# Social Security for Household Workers

The Federal Social Security law covers some (but not all) household employees. For those who qualify this provides:

- Monthly payments to them when they reach retirement age (65 for men, 62 for women).
- Monthly payments to them if they are at least age 50 and totally disabled, and to their families.
- Payments to their families when they die.

These payments are made by the Social Security Administration, and information about them may be secured at your nearest social security district office.

This pamphlet, Circular H, provides information and instructions for employers of workers who perform services of a household nature in or about a private home of the employer (other than on a farm which is operated for profit).

The District Director of Internal Revenue will furnish, upon request, another pamphlet (Circular A) to employers who have workers on a farm which is operated for profit, or a pamphlet (Circular E) for other business employers.

1960-1961

## 1. *The Taxes*

Under the Social Security system, taxes are imposed by the Federal Insurance Contributions Act on both employers and employees. These taxes are sometimes known as "Social Security taxes." The employer tax and the employee tax are each 3 percent of taxable wages paid, making a total of 6 percent.

The taxes apply to cash wages paid for household services, if such wages meet the \$50 a quarter test described in the next section.

22059-2-1961

## 2. *How To Determine If Taxes Are Due— The "\$50 a Quarter" Test*

A special test is provided by law to determine whether or not the wages of a household employee are taxable.

If an employer pays an employee \$50 or more cash wages in a calendar quarter for household services, the taxes apply to all cash wages paid by the employer to the employee in such quarter regardless of when earned.



In general, services of a household nature in or about a private home include services performed by cooks, waiters, butlers, housekeepers, governesses, maids, valets, baby sitters, janitors, laundresses, furnacemen, caretakers, handymen, gardeners, footmen, grooms, and chauffeurs of automobiles for family use.

No taxes are due on amounts you pay to persons who are not your employees. Carpenters, painters, plumbers, repairmen, etc., if working for you as independent contractors are not your employees. If in doubt whether the taxes apply to any worker, request advice from the District Director.

The calendar quarters are as follows:

January–February–March;

April–May–June;

July–August–September;

October–November–December.

The \$50 a quarter test applies separately to each household worker you employ.

The following examples illustrate the way the test works:

*Less than \$50 cash wages paid in quarter.*—Suppose you pay a baby sitter several times in a quarter but it adds up to only \$47. No tax is due because the \$50 a quarter test has not been met.

*Different employers.*—Suppose a maid works part time for you and part time for a neighbor. You pay her \$75 in the quarter but your neighbor pays only \$40. You must pay taxes on your payments because they were \$50 or more. However, your neighbor does not owe taxes on her payments since the \$50 a quarter test has not been met.

*Different employees.*—Suppose you frequently hire cleaning women by the day, but not always the same one. During the quarter, you pay one of them \$22, another \$74, and still another \$10. You must pay taxes on the \$74 because the \$50 a quarter test has been met for this employee. No taxes are due on the other payments.

*Partial payment.*—Suppose that a maid works for you in January, February, and until March 15, when she quits. She had earned \$125 during these months and you pay her \$40 in March and the balance of \$85 in April. No tax is due for the first quarter on the \$40 paid in March. However, you must pay tax for the second quarter on the \$85 paid in April since the \$50 a quarter test is met in that quarter.

### *3. What Are Taxable Wages*

The taxes apply only to the cash wages of household employees. Checks, money orders, etc., are taxable in the same manner as cash. On the other hand, you should disregard the value of food, lodging, clothing, car tokens, and other noncash items which you furnish to household employees. However, if cash is given in lieu of these items it constitutes wages.

It is immaterial whether payments are based on the hour, day, week, month, or year, or on piecework.

The taxes do not apply to amounts paid by an employer to his or her mother, father, wife or husband, or to the employer's son or daughter under the age of 21.

If you pay an employee more than \$4,800 in a calendar year, the taxes apply only to the first \$4,800 you pay the employee in that year.

In reporting "cash wages" on your quarterly returns, show the full amount before tax was deducted. For example, if an employee's cash wages were \$50 but you deducted \$1.50 as employee tax, you should still show \$50 cash wages on your return.

### *4. Deducting Employee Tax*

The employer should deduct the employee tax, at the rate of 3 percent, from each payment of cash wages to an employee, if the employer expects the employee to meet the \$50 a quarter test. At the time you make a cash wage payment to an employee, however, it is possible that you will not be sure the \$50 a quarter test will be met. In that case you may withhold the employee tax at that time if you so desire. If you prefer to pay the employee tax without deducting it from the employee's wages you may do so. If for some other reason you do not deduct employee tax from taxable wages, you are nevertheless required to pay the employee tax to the District Director. The combined amount of employee tax and employer tax, a total of 6 percent, is payable to the District Director in the manner explained in sections 7 and 8.

If you fail to deduct employee tax from a wage payment to an employee, or if you deduct less than the correct amount, you may adjust the error by deducting such tax from a later payment to the same employee. On the other hand, if you deduct employee tax when no tax is due, or if you deduct more than the correct amount, you should repay the employee.

If, in figuring the amount of employee tax to be deducted, you find a fraction of a cent, disregard the fraction if it is less than one-half cent. If the fraction is one-half cent or more, count it a full cent.



## 5. *Optional Use of Whole Dollar Amounts*

If you pay wages in dollars and cents you may, if you so desire, treat the nearest whole dollar as the amount of taxable wages for the purposes of determining whether the \$50 a quarter test is met, figuring employee tax deductions, and reporting wages on your return. For example, if you pay any amount between \$4.50 and \$5.49, inclusive, you may treat \$5 as the taxable wage.

If you use this method on any wage payment made to a household employee in a quarter, you must use the same method on all other wage payments to household employees in that quarter.

A 3 percent tax deduction table, based on whole dollars, is shown on page 12.

## 6. *Employee Account Numbers*

The Social Security Administration keeps a lifetime record of the amount of wages paid to each employee. The wage record of each employee is identified by an account number. This is necessary to prevent mix-ups between workers with the same or similar names. An account number consists of nine digits separated as follows: 000-00-0000.

When you employ a household worker who may meet the \$50 a quarter test, you should make a written record of the employee's name and social security account number. If possible, they should be copied from the employee's social security account number card. Also record the employee's home address. If you report the employee's name and account number accurately, it will insure proper credit to the employee's social security account and save follow-up correspondence to identify these credits.

If an employee has no account number, he should get one by filling in Form SS-5 ("Application for Social Security Account Number"). This form may be obtained from the nearest district office of the Social Security Administration or, if there is no such office in town, from the post office or the District Director. The completed Form SS-5 should be taken or sent to the nearest social security district office, the address of which may be obtained at the post office.

If the employee has no account number card but has a receipt showing that he has made application for a card, ask the employee to show you the account number card as soon as he receives it. If the employee does not have an account number card in his possession, even though he may have been issued one, record his full name and address. Inform the employee of the importance of showing you his account number card in time to insure accurate reporting of wages.



## 7. Quarterly Returns

Beginning with the first calendar quarter in which an employer pays taxable wages to one or more household employees, the employer must file quarterly returns reporting the taxable wages, if any, paid in each quarter. The employer will use either Form 941 or Form 942, as follows:

a. Form 942 is a special, simplified form (printed on the back of a return envelope), which may be used by all employers of household workers as described in this pamphlet.

b. Form 941 is the regular form used by business employers. If an employer of household workers is already filing Form 941 for his business employees, he may include his household workers on Form 941, identified in the manner specified in the instructions on that form.

Once you start using either of these forms for household workers, you should not change forms without notifying the District Director.

The return-filing instructions in this pamphlet relate only to the use of Form 942. Instructions relating to Form 941 are in Circular E.

Form 942 is called the "Employer's Quarterly Tax Return for Household Employees (For Social Security)." Near the end of each calendar quarter, the District Director will mail a Form 942 to each household employer on his mailing list. If taxes are due from a household employer who is not on the mailing list, the employer should ask the District Director for Form 942, and should advise the District Director of the name and address to be added to his mailing list.

The calendar quarters of the year and the last day for filing a return for each quarter are as follows:

<i>Months in quarter</i>	<i>Quarter ending</i>	<i>Return due</i>
January, February, March . . .	Mar. 31 . . . . .	Apr. 30.
April, May, June . . . . .	June 30 . . . . .	July 31.
July, August, September . . . .	Sept. 30 . . . . .	Oct. 31.
October, November, December .	Dec. 31 . . . . .	Jan. 31.

The District Director will keep your name on his mailing list until you advise him that your name should be removed. In order to help the District Director to maintain a current mailing list, and to avoid follow-up inquiries, you should make a return for each quarter.

If the District Director mails you a copy of Form 942 for a quarter when you did not pay any taxable wages, you should indi-



## Employer's Quarterly Tax Return

(FOR SOCIAL SECURITY TAXES)

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

Fill in one line for each household employee to whom you are required to pay Social Security taxes covered by this return. (See Circular H.) Please use ink.

Employee's Social Security Account Number

Name of Employee  
(PLEASE PRINT AS SHOWN ON SOCIAL SECURITY CARD)

000 00 0000

MARY R. ROE

111 11 1111

SUSAN S. SMITH

Make check or money order payable to  
INTERNAL REVENUE SERVICE

Insert  
here

This space is for your name and address. The District Director ordinarily stamps your name and address here before mailing the Form 942 to you. If incorrect, or if your address changes, draw a line through the error and write in the necessary correction.

Be sure to enter the account number correctly so that each employee's wages will be credited to the right account. If you don't know the number, write "Unknown" in this space and insert in the pocket of the return a sheet of paper showing the employee's name and address. (See section 6.)

Please print or type the full name of the employee as shown on his or her account number card.

**Taxes Due—Enter 6% of total**

(3% EMPLOYER TAX PLUS 3% SOCIAL SECURITY TAX)

Employer's Name and Address

Mrs. John Doe  
8888 Main Street  
Anytown, U. S. A.

I declare under the penalties of perjury that this is a true, correct, and complete return.

April 15, 1960  
(Date)

FORM 942

U. S. TREASURY DEPARTMENT, INTERNAL REVENUE SERVICE

Specimen Form 942 and how to fill it in.—Filling in your return is

n for Household Employees

URITY)

Return for Calendar Quarter  
(Months and Year)

Jan - Feb - Mar  
Due April 30, 1960

This space should show the months in the calendar quarter covered by the return. Ordinarily the District Director will stamp in the months, and also will show the date the return is due.

paid \$50 or more cash wages in the calendar quarter  
typewriter.

Employee COUNT NUMBER CARD)	Cash Wages Paid to Employee in the Quarter (BEFORE TAX DEDUCTION)	
	\$ 267	00
	87	00
Total Cash Wages	\$ 354	00

Show the total amount of taxable wages you paid during the quarter to each employee who met the \$50 a quarter test.

Enter here the total of the cash wages shown in this column.

16-67283-7 ☆ GPO

354  
x .06  
-----  
21.24

Cash wages here ➡

\$ 21 24

DOLLARS CENTS

If no tax is due, write "None" and advise if returns will be needed for future quarters.

Multiply the total cash wages by 6 percent. You must pay this amount when you send or take the return to the District Director.

Return for Calendar Quarter  
(Months and Year)

Jan - Feb - Mar  
Due April 30, 1960

return to the best of my knowledge and belief.

Mrs. John Doe  
(Signature of Employer)

Please remember that the return should be signed and dated by the employer.

16-67283-7)

complicated. Above is a sample return as it should be filled in.



cate this fact on the form and send it back to the District Director. If you do not expect to pay taxable wages in the future, this information should also be given (for instance, by writing "final return" on the bottom portion of the return). If you later resume paying taxable wages, please notify the District Director.

Form 942 provides space for listing four employees. If you need more space, use a plain sheet of paper and list the account numbers, names, and wages of your employees in the same arrangement as shown on Form 942. Also be sure to write your own name and address and the calendar quarter covered at the top of this sheet of paper so that it can be identified if it becomes separated from your return on Form 942. Any wages reported on this sheet of paper should be included in the "Total Cash Wages" on your return, and the sheet of paper should be enclosed in the pocket of the form.

## **8. *Payment of Taxes***

The taxes may be paid to the District Director's office either by mail or in person.

If you mail your return to the District Director, enclose your payment in the pocket provided on the return. If you use checks or money orders, make them payable to "Internal Revenue Service." To avoid loss, do not send cash through the mail. Postage stamps are not acceptable in payment of taxes.

## **9. *Correcting Mistakes***

As explained on page 5, the employer should correct any mistake made in deducting employee tax from a worker's wages.

If, after filing a return on Form 942, you find you made a mistake which resulted in your payment of too much tax to the District Director, you may subtract the difference on your next quarterly return. If a mistake results in payment of not enough tax, and the District Director has not requested payment, you should add the difference on your next quarterly return. In either event, write an explanation of the mistake and enclose it in the pocket of the return on which you subtract or add the difference.

If you find you made a mistake in the name, social security account number, or wages of any employee, advise the District Director what the mistake was and the quarterly return on which it was made, and show the correct information.

## ***10. Keeping Records***

In order to avoid future misunderstandings, and to safeguard the interests of your employees, it is important that you keep records which will enable you to make correct and complete returns.

Your records should include details such as the employee's social security account number and name, dates and amounts of cash wage payments, and employee tax deducted. You may keep the records in any form you wish. Pages 13 and 14 of this pamphlet provide convenient space for keeping records of the information you show in your returns on Form 942. If you prefer to keep duplicate copies of Form 942, ask the district director to furnish you a supply of Form 942A.

## ***11. Statements for Employees***

The law requires each employer to furnish to each employee a written statement of wages and employee tax for each calendar year, on or before January 31 of the next year. If a household worker's employment ends before December 31, the employer's statement should cover the part of the year through the last day of employment, and should be furnished within 30 days after the day on which the last payment of wages is made to the employee.

Each written statement should show (a) the employer's name and address, (b) the employee's name, address, and social security account number, (c) the total amount of wages paid in the year (or part year), and (d) the total amount of employee tax deducted, if any.

The written statement may be in any form suitable for the employee to keep. Three copies of Form SS-14 which may be used for this purpose appear on page 15 of this circular. If you need additional Forms SS-14 the District Director will supply you copies upon request.

## ***12. Penalties***

Avoid penalties and interest by making timely returns and payments of tax. The law provides a penalty for late filing unless reasonable cause is shown for the delay. If you are unavoidably late in filing a return, send a written explanation along with your return. The law also provides a penalty for failure to furnish the statements referred to in section 11.



### 13. Table of 3 Percent Employee Tax Deductions

Since you are allowed to figure the tax on the nearest whole dollar of the amount of wages paid, this table shows wages in whole dollars.

<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The em- ployee tax to be deducted is—</i>
\$1.....	\$0.03	\$26....	\$0.78	\$51....	\$1.53	\$76....	\$2.28
\$2.....	.06	\$27....	.81	\$52....	1.56	\$77....	2.31
\$3.....	.09	\$28....	.84	\$53....	1.59	\$78....	2.34
\$4.....	.12	\$29....	.87	\$54....	1.62	\$79....	2.37
\$5.....	.15	\$30....	.90	\$55....	1.65	\$80....	2.40
\$6.....	.18	\$31....	.93	\$56....	1.68	\$81....	2.43
\$7.....	.21	\$32....	.96	\$57....	1.71	\$82....	2.46
\$8.....	.24	\$33....	.99	\$58....	1.74	\$83....	2.49
\$9.....	.27	\$34....	1.02	\$59....	1.77	\$84....	2.52
\$10....	.30	\$35....	1.05	\$60....	1.80	\$85....	2.55
\$11....	.33	\$36....	1.08	\$61....	1.83	\$86....	2.58
\$12....	.36	\$37....	1.11	\$62....	1.86	\$87....	2.61
\$13....	.39	\$38....	1.14	\$63....	1.89	\$88....	2.64
\$14....	.42	\$39....	1.17	\$64....	1.92	\$89....	2.67
\$15....	.45	\$40....	1.20	\$65....	1.95	\$90....	2.70
\$16....	.48	\$41....	1.23	\$66....	1.98	\$91....	2.73
\$17....	.51	\$42....	1.26	\$67....	2.01	\$92....	2.76
\$18....	.54	\$43....	1.29	\$68....	2.04	\$93....	2.79
\$19....	.57	\$44....	1.32	\$69....	2.07	\$94....	2.82
\$20....	.60	\$45....	1.35	\$70....	2.10	\$95....	2.85
\$21....	.63	\$46....	1.38	\$71....	2.13	\$96....	2.88
\$22....	.66	\$47....	1.41	\$72....	2.16	\$97....	2.91
\$23....	.69	\$48....	1.44	\$73....	2.19	\$98....	2.94
\$24....	.72	\$49....	1.47	\$74....	2.22	\$99....	2.97
\$25....	.75	\$50....	1.50	\$75....	2.25	\$100..	3.00

NOTE.—You may figure an amount which you may report as tax due on Form 942 by doubling the tax amounts in this table. For example, if total wages of \$113 are paid during the quarter, the employee tax is \$3.39 (\$3.00 tax for \$100 wages plus \$0.39 tax for \$13 wages). The tax on Form 942 may be reported as double the amount of the employee tax, or \$6.78 (\$3.39 employee tax plus \$3.39 employer tax).

14. *Employer's Record of Wages Paid*

When you fill in your quarterly returns, you will wish to record the information shown on them. Here is a convenient place for doing so. (See section 10.)

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (6 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (6 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (6 percent)		



Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (6 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (6 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (6 percent)		

15. Copies of Receipts for Employees

A written statement of wages must be furnished each employee.  
(See section 11.)

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(For Social Security)

EMPLOYEE TO WHOM PAID		Social Security account number		
Name.....		000	00	0000
Address.....				
If for a calendar year,		If not for a calendar year, give beginning and closing dates:		
indicate year . . . . . 19.....		from ....., 19....., to ....., 19.....		
Total wages under the Federal Insurance Contributions Act . . \$.....		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$.....		
EMPLOYER BY WHOM PAID				
Name.....				
Address.....				

Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(For Social Security)

EMPLOYEE TO WHOM PAID		Social Security account number		
Name.....		000	00	0000
Address.....				
If for a calendar year,		If not for a calendar year, give beginning and closing dates:		
indicate year . . . . . 19.....		from ....., 19....., to ....., 19.....		
Total wages under the Federal Insurance Contributions Act . . \$.....		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$.....		
EMPLOYER BY WHOM PAID				
Name.....				
Address.....				

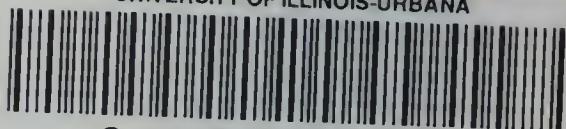
Form SS-14  
U. S. TREASURY DEPARTMENT  
Internal Revenue Service

RECEIPT FOR EMPLOYEE  
(For Social Security)

EMPLOYEE TO WHOM PAID		Social Security account number		
Name.....		000	00	0000
Address.....				
If for a calendar year,		If not for a calendar year, give beginning and closing dates:		
indicate year . . . . . 19.....		from ....., 19....., to ....., 19.....		
Total wages under the Federal Insurance Contributions Act . . \$.....		Total Federal Insurance Con- tributions Act employee tax withheld, if any . \$.....		
EMPLOYER BY WHOM PAID				
Name.....				
Address.....				



UNIVERSITY OF ILLINOIS-URBANA



3 0112 063918285

TREASURY DEPARTMENT  
DIRECTOR OF INTERNAL REVENUE

OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
INTERNAL REVENUE SERVICE

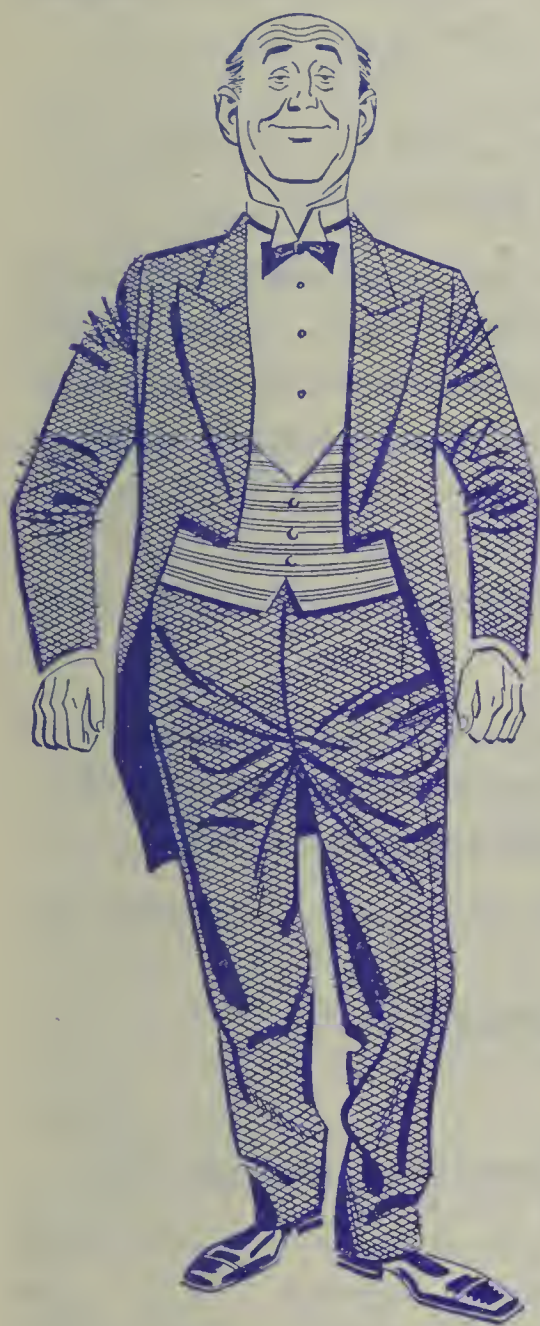
Un3h  
1966

CIRCULAR H

# Household Employer's

## SOCIAL SECURITY TAX GUIDE

*Instructions for the reporting and payment of employer and employee taxes on the wages of household employees, such as:*



MAIDS  
LAUNDRESSES  
COOKS  
HOUSEKEEPERS  
GARDENERS  
JANITORS  
FURNACEMEN  
HANDYMEN  
GOVERNESSES  
VALETS  
BUTLERS  
CHAUFFEURS

and other workers who perform services of a household nature in or about a private home of the employer (other than on a farm operated for profit).

### SOCIAL SECURITY AMENDMENTS OF 1965 IN EFFECT JANUARY 1, 1966

The new tax rate will be 4.2 percent each (3.85 percent for old-age, survivors, and disability insurance plus .35 percent for hospital insurance benefits) for employers and employees, or a total of 8.4 percent with respect to wages received starting January 1, 1966.

Starting January 1, 1966, Social Security taxes apply to the first \$6,600 of wages paid by an employer to each employee each year instead of \$4,800 as formerly.

Employers desiring more detailed information than is contained in this circular should consult the District Director of Internal Revenue.



# Calendar for Household Employers whose employees meet the \$50 a quarter test described on pages 3 and 4

## *When you hire a household employee*

Make a written record of the employee's name and social security account number. If possible, copy the name and account number from the employee's social security account number card. (See page 6.)

## *On each payment of cash wages to an employee*

An employee tax of 4.2 percent is deductible from each wage payment starting January 1, 1966. (See page 5.)

## *On or before each April 30, July 31, October 31, and January 31*

Send or take a tax return to the District Director of Internal Revenue, together with payment of the full amount of taxes due (if any) for the previous calendar quarter. (See pages 7 to 10.)

## *For each calendar year, or when an employee leaves*

Furnish to each employee a statement of wages paid and employee tax deducted during the year. (See pages 11 and 15.)

## Table of Contents

<i>Sec. No.</i>	<i>Page No.</i>	<i>Sec. No.</i>	<i>Page No.</i>
Social Security for Household Workers . . . . .	3	Specimen Form 942 and How To Fill It In . . . . .	8
1. The Taxes . . . . .	3	8. Payment of Taxes . . . . .	10
2. How To Determine If Taxes Are Due—The “\$50 a Quarter” Test . . . . .	3	9. Correcting Mistakes . . . . .	10
3. What Are Taxable Wages . . . . .	5	10. Keeping Records . . . . .	11
4. Deducting Employee Tax . . . . .	5	11. Statements for Employees . . . . .	11
5. Optional Use of Whole Dollar Amounts . . . . .	6	12. Penalties . . . . .	11
6. Employee Account Numbers . . . . .	6	13. Table of 4.2 Percent Employee Tax Deductions . . . . .	12
7. Quarterly Returns . . . . .	7	14. Employer's Record of Wages Paid . . . . .	13 and 14
		15. Copies of Receipts for Employees . . . . .	15

# Social Security for Household Workers

Most workers are covered by social security.

*Upon attainment of age 65 (reduced benefits are payable as early as 62) or upon becoming disabled at any age, workers may be eligible for monthly benefits for themselves and dependents. In case of the worker's death, his family may be eligible for survivors insurance benefits.*

In addition to cash benefits, health insurance benefits will be available July 1, 1966, for people 65 or over (whether or not the worker is retired).

These payments are made by the Social Security Administration, and information about them may be secured at any social security district office.

This pamphlet, Circular H, provides information and instructions for employers of workers who perform services of a household nature in or about a private home of the employer (other than on a farm which is operated for profit).

The District Director of Internal Revenue will furnish, upon request, another pamphlet (Circular A) to employers who have workers on a farm which is operated for profit, or a pamphlet (Circular E) for other business employers.

## 1. *The Taxes*

Under the Social Security system, taxes are imposed by the Federal Insurance Contributions Act on both employers and employees. These taxes are sometimes known as "Social Security taxes." The employer tax and the employee tax are each 4.2 percent of taxable wages paid, making a total of 8.4 percent with respect to wages paid starting January 1, 1966.

The taxes apply to cash wages paid for household services, if such wages meet the \$50 a quarter test described in the next section.

## 2. *How To Determine If Taxes Are Due— The "\$50 a Quarter" Test*

A special test is provided by law to determine whether or not the wages of a household employee are taxable.

If an employer pays an employee \$50 or more cash wages in a calendar quarter for household services, the taxes apply to all cash wages paid by the employer to the employee in such quarter regardless of when earned.



In general, services of a household nature in or about a private home include services performed by cooks, waiters, butlers, housekeepers, governesses, maids, cleaning women, valets, baby sitters, janitors, laundresses, furnacemen, caretakers, handymen, gardeners, grooms, and chauffeurs of automobiles for family use.

No taxes are due on amounts you pay to persons who are not your employees. Carpenters, painters, plumbers, repairmen, etc., if working for you as independent contractors are not your employees. If in doubt whether the taxes apply to any worker, request advice from the District Director.

The calendar quarters are as follows:

January–February–March;

April–May–June;

July–August–September;

October–November–December.

The \$50 a quarter test applies separately to each household worker you employ.

The following examples illustrate the way the test works:

*Less than \$50 cash wages paid in quarter.*—Suppose you pay a baby sitter several times in a quarter but it adds up to only \$47. No tax is due because the \$50 a quarter test has not been met.

*Different employers.*—Suppose a maid works part time for you and part time for a neighbor. You pay her \$75 in the quarter but your neighbor pays only \$40. You must pay taxes on your payments because they were \$50 or more. However, your neighbor does not owe taxes on her payments since the \$50 a quarter test has not been met.

*Different employees.*—Suppose you frequently hire cleaning women by the day, but not always the same one. During the quarter, you pay one of them \$22, another \$74, and still another \$10. You must pay taxes on the \$74 because the \$50 a quarter test has been met for this employee. No taxes are due on the other payments.

*Partial payment.*—Suppose that a maid works for you in January, February, and until March 15, when she quits. She had earned \$125 during these months and you pay her \$40 in March and the balance of \$85 in April. No tax is due for the first quarter on the \$40 paid in March. However, you must pay tax for the second quarter on the \$85 paid in April since the \$50 a quarter test is met in that quarter.



### ***3. What Are Taxable Wages***

The taxes apply only to the cash wages of household employees. Checks, money orders, etc., are taxable in the same manner as cash. On the other hand, you should disregard the value of food, lodging, clothing, car tokens, and other noncash items which you furnish to household employees. However, if cash is given in lieu of these items it constitutes wages.

It is immaterial whether payments are based on the hour, day, week, month, or year, or on piecework.

The taxes do not apply to remuneration for domestic service in the private home of the employer if performed by the employer's mother, father, wife or husband, or by the employer's son or daughter under the age of 21.

If you pay an employee more than \$6,600 in a calendar year, the taxes apply only to the first \$6,600 you pay the employee in that year.

In reporting "cash wages" on your quarterly returns, show the full amount before tax was deducted. For example, if an employee's cash wages were \$50 but you deducted \$2.10 as employee tax, you should still show \$50 cash wages on your return.

### ***4. Deducting Employee Tax***

The employer should deduct the employee tax, at the rate of 4.2 percent, from each payment of cash wages to an employee, if the employer expects the employee to meet the \$50 a quarter test. At the time you make a cash wage payment to an employee, however, it is possible that you will not be sure the \$50 a quarter test will be met. In that case you may withhold the employee tax at that time if you so desire. If you prefer to pay the employee tax without deducting it from the employee's wages you may do so. If for some other reason you do not deduct employee tax from taxable wages, you are nevertheless required to pay the employee tax to the District Director. The combined amount of employee tax and employer tax, a total of 8.4 percent, is payable to the District Director in the manner explained in sections 7 and 8.

If you fail to deduct employee tax from a wage payment to an employee, or if you deduct less than the correct amount, you may adjust the error by deducting such tax from a later payment to the same employee. On the other hand, if you deduct employee tax when no tax is due, or if you deduct more than the correct amount, you should repay the employee.

If, in figuring the amount of employee tax to be deducted, you find a fraction of a cent, disregard the fraction if it is less than one-half cent. If the fraction is one-half cent or more, count it a full cent.



## ***5. Optional Use of Whole Dollar Amounts***

If you pay wages in dollars and cents you may, if you so desire, treat the nearest whole dollar as the amount of taxable wages for the purposes of determining whether the \$50 a quarter test is met, figuring employee tax deductions, and reporting wages on your return. For example, if you pay any amount between \$4.50 and \$5.49, inclusive, you may treat \$5 as the taxable wage.

If you use this method on any wage payment made to a household employee in a quarter, you must use the same method on all other wage payments to household employees in that quarter.

A 4.2-percent tax deduction table, based on whole dollars, is shown on page 12.

## ***6. Employee Account Numbers***

The Social Security Administration keeps a lifetime record of the amount of wages paid to each employee. The wage record of each employee is identified by an account number. This is necessary to prevent mix-ups between workers with the same or similar names. An account number consists of nine digits separated as follows: 000-00-0000.

When you employ a household worker who may meet the \$50 a quarter test, you should make a written record of the employee's name and social security account number. If possible, they should be copied from the employee's social security account number card. Also record the employee's home address. If you report the employee's name and account number accurately, it will insure proper credit to the employee's social security account and save follow-up correspondence to identify these credits.

If an employee has no account number, he should get one by filling in Form SS-5 ("Application for Social Security Account Number"). This form may be obtained from the nearest district office of the Social Security Administration or, if there is no such office in town, from the post office or the District Director. The completed Form SS-5 should be taken or sent to the nearest social security district office, the address of which may be obtained at the post office.

If the employee has no account number card but has a receipt showing that he has made application for a card, ask the employee to show you the account number card as soon as he receives it. If the employee does not have an account number card in his possession, even though he may have been issued one, record his full name and address. Inform the employee of the importance of showing you his account number card in time to insure accurate reporting of wages.



7. *Quarterly Returns*

Beginning with the first calendar quarter in which an employer pays taxable wages to one or more household employees, the employer must file quarterly returns reporting the taxable wages, if any, paid in each quarter. The employer will use either Form 941 or Form 942, as follows:

- a. Form 942 is a special, simplified form (printed on the back of a return envelope), which may be used by all employers of household workers as described in this pamphlet.
- b. Form 941 is the regular form used by business employers. If an employer of household workers is already filing Form 941 for his business employees, he may include his household workers on Form 941, identified in the manner specified in the instructions on that form.

Once you start using either of these forms for household workers, you should not change forms without notifying the District Director.

The return-filing instructions in this pamphlet relate only to the use of Form 942. Instructions relating to Form 941 are in Circular E.

Form 942 is called the “Employer’s Quarterly Tax Return for Household Employees (For Social Security).” Near the end of each calendar quarter, the District Director will mail a Form 942 to each household employer on his mailing list. If taxes are due from a household employer who is not on the mailing list, the employer should ask the District Director for Form 942, and should advise the District Director of the name and address to be added to his mailing list.

The calendar quarters of the year and the last day for filing a return for each quarter are as follows:

<i>Months in quarter</i>	<i>Quarter ending</i>	<i>Return due</i>
January, February, March . . .	Mar. 31 . . . . .	Apr. 30.
April, May, June . . . . .	June 30 . . . . .	July 31.
July, August, September . . . .	Sept. 30 . . . . .	Oct. 31.
October, November, December .	Dec. 31 . . . . .	Jan. 31.

The District Director will keep your name on his mailing list until you advise him that your name should be removed. In order to help the District Director to maintain a current mailing list, and to avoid follow-up inquiries, you should make a return for each quarter.

If the District Director mails you a copy of Form 942 for a quarter when you did not pay any taxable wages, you should indi-



Be sure to enter the account number correctly so that each employee's wages will be credited to the right account. If you don't know the number, write "Unknown" in this space and insert in the pocket of the return a sheet of paper showing the employee's name and address. (See section 6.)

Fill in one line for each household employee to whom covered by this return. Keep a record of wages paid.

Employee's Social Security Account Number			(PLEASE PRINT AS SHOWN ON CARD)
000	00	0000	MARY R. H.
111	11	1111	SUSAN S. S.

Please print or type the full name of the employee as shown on his or her account number card.

Your name  
address, and  
calendar  
quarter of  
return

Name, address, and Postal ZIP code

MRS. JOHN DOE  
8888 MAIN STREET  
ANYTOWN, U. S. A. 00000

(If not  
correctly  
printed  
please  
change)

-----Entries must be made both above and below  
Name, address, and Postal ZIP code

MRS. JOHN DOE  
8888 MAIN STREET  
ANYTOWN, U. S. A. 00000

This space is for your name and address. The District Director ordinarily stamps your name and address here before mailing the Form 942 to you. If incorrect, or if your address changes, draw a line through the error and write in the necessary correction.

Make check or money order payable to  
INTERNAL REVENUE SERVICE

Insert  
here

**Taxes Due—Enter 8.4% of total wages**  
(4.2% EMPLOYER TAX PLUS 4.2% EMPLOYEE TAX)

I declare under the penalties of perjury that this is a true, correct, and complete return.

April 15, 1966  
(Date)

**Employer's Quarterly Tax Return**  
(FOR SOCIAL SECURITY TAXES)

ENVELOPE FOR MAILING

paid \$50 or more cash wages in the calendar quarter (See Circular H.) Please use ink or typewriter.

of Employee (ON ACCOUNT NUMBER CARD)	Cash Wages Paid in Quarter (BEFORE TAX DEDUCTION)	
E	267	00
ITH	87	00
return for calendar quarter	Total Cash Wages 354 00	

AN - FEB - MAR  
DUE APRIL 30, 1966

low this line  
return for calendar quarter  
AN - FEB - MAR  
DUE APRIL 30, 1966

Fold on this line for mailing

here  
(If no tax is due,  
write "None.")

29

74

DOLLARS

CENTS

Check here ☐ if returns will not be needed in the future.

te return to the best of my knowledge and belief.

Mrs. John Doe  
(Signature of Employer)

arn for Household Employees  
(SECURITY)

Show the total amount of taxable wages you paid during the quarter to each employee who met the \$50 a quarter test.

Enter here the total of the cash wages shown in this column.

This space should show the months in the calendar quarter covered by the return. Ordinarily the District Director will stamp in the months, and also will show the date the return is due.

354  
x .084  
-----  
1416  
2832  
-----  
29.736

Multiply the total cash wages by 8.4 percent. You must pay this amount when you send or take the return to the District Director.

Please remember that the return should be signed and dated by the employer.



cate this fact on the form and send it back to the District Director. If you do not expect to pay taxable wages in the future, this information should also be given (for instance, by writing “final return” on the bottom portion of the return). If you later resume paying taxable wages, please notify the District Director.

Form 942 provides space for listing three employees. If you need more space, use a plain sheet of paper and list the account numbers, names, and wages of your employees in the same arrangement as shown on Form 942. Also be sure to write your own name, address, identification number and the calendar quarter covered at the top of this sheet of paper so that it can be identified if it becomes separated from your return on Form 942. Any wages reported on this sheet of paper should be included in the “Total Cash Wages” on your return, and the sheet of paper should be enclosed in the pocket of the form.

## ***8. Payment of Taxes***

The taxes may be paid to the District Director’s office either by mail or in person.

If you mail your return to the District Director, enclose your payment in the pocket provided on the return. If you use checks or money orders, make them payable to “Internal Revenue Service.” To avoid loss, do not send cash through the mail. Postage stamps are not acceptable in payment of taxes.

## ***9. Correcting Mistakes***

As explained on page 5, the employer should correct any mistake made in deducting employee tax from a worker’s wages.

If, after filing a return on Form 942, you find you made a mistake which resulted in your payment of too much tax to the District Director, you may subtract the difference on your next quarterly return. If a mistake results in payment of not enough tax, and the District Director has not requested payment, you should add the difference on your next quarterly return. In either event, write an explanation of the mistake and enclose it in the pocket of the return on which you subtract or add the difference.

If you find you made a mistake in the name, social security account number, or wages of any employee, advise the District Director what the mistake was and the quarterly return on which it was made, and show the correct information.

## **10. *Keeping Records***

In order to avoid future misunderstandings, and to safeguard the interests of your employees, it is important that you keep records which will enable you to make correct and complete returns.

Your records should include details such as the employee's social security account number and name, dates and amounts of cash wage payments, and employee tax deducted. You may keep the records in any form you wish. Pages 13 and 14 of this pamphlet provide convenient space for keeping records of the information you show in your returns on Form 942. If you prefer to keep duplicate copies of Form 942, ask the District Director to furnish you a supply of Form 942A.

## **11. *Statements for Employees***

The law requires each employer to furnish to each employee a written statement of wages and employee tax for each calendar year, on or before January 31 of the next year. If a household worker's employment ends before December 31, the employer's statement should cover the part of the year through the last day of employment, and should be furnished within 30 days after the day on which the last payment of wages is made to the employee.

Each written statement should show (a) the employer's name and address, (b) the employee's name, address, and social security account number, (c) the total amount of wages paid in the year (or part year), (d) the total amount of employee tax deducted (if not collected from employee enter none), and (e) one-twelfth of this amount was withheld to finance the cost of Hospital Insurance Benefits. The remainder is for old-age, survivors, and disability insurance.

The written statement may be in any form suitable for the employee to keep. Three copies of Form SS-14 which may be used for this purpose appear on page 15 of this circular. If you need additional Forms SS-14 the District Director will supply you copies upon request.

## **12. *Penalties***

Avoid penalties and interest by making timely returns and payments of tax. The law provides a penalty for late filing unless reasonable cause is shown for the delay. If you are unavoidably late in filing a return, send a written explanation along with your return. The law also provides a penalty for failure to furnish the statements referred to in section 11.



### 13. *Table of 4.2 Percent Employee Tax Deductions Starting January 1, 1966 (3.85% for old-age, survivors, and disability insurance plus 0.35% for hospital insurance benefits)*

Since you are allowed to figure the tax on the nearest whole dollar of the amount of wages paid, this table shows wages in whole dollars.

<i>If wage payment is—</i>	<i>The employee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The employee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The employee tax to be deducted is—</i>	<i>If wage payment is—</i>	<i>The employee tax to be deducted is—</i>
\$1.....	\$0.04	\$26...	\$1.09	\$51...	\$2.14	\$76...	\$3.19
\$2.....	.08	\$27...	1.13	\$52...	2.18	\$77...	3.23
\$3.....	.13	\$28...	1.18	\$53...	2.23	\$78...	3.28
\$4.....	.17	\$29...	1.22	\$54...	2.27	\$79...	3.32
\$5.....	.21	\$30...	1.26	\$55...	2.31	\$80...	3.36
\$6.....	.25	\$31...	1.30	\$56...	2.35	\$81...	3.40
\$7.....	.29	\$32...	1.34	\$57...	2.39	\$82...	3.44
\$8.....	.34	\$33...	1.39	\$58...	2.44	\$83...	3.49
\$9.....	.38	\$34...	1.43	\$59...	2.48	\$84...	3.53
\$10....	.42	\$35...	1.47	\$60...	2.52	\$85...	3.57
\$11....	.46	\$36...	1.51	\$61...	2.56	\$86...	3.61
\$12....	.50	\$37...	1.55	\$62...	2.60	\$87...	3.65
\$13....	.55	\$38...	1.60	\$63...	2.65	\$88...	3.70
\$14....	.59	\$39...	1.64	\$64...	2.69	\$89...	3.74
\$15....	.63	\$40...	1.68	\$65...	2.73	\$90...	3.78
\$16....	.67	\$41...	1.72	\$66...	2.77	\$91...	3.82
\$17....	.71	\$42...	1.76	\$67...	2.81	\$92...	3.86
\$18....	.76	\$43...	1.81	\$68...	2.86	\$93...	3.91
\$19....	.80	\$44...	1.85	\$69...	2.90	\$94...	3.95
\$20....	.84	\$45...	1.89	\$70...	2.94	\$95...	3.99
\$21....	.88	\$46...	1.93	\$71...	2.98	\$96...	4.03
\$22....	.92	\$47...	1.97	\$72...	3.02	\$97...	4.07
\$23....	.97	\$48...	2.02	\$73...	3.07	\$98...	4.12
\$24....	1.01	\$49...	2.06	\$74...	3.11	\$99...	4.16
\$25....	1.05	\$50...	2.10	\$75...	3.15	\$100..	4.20

NOTE.—You may figure an amount which you may report as tax due on Form 942 by doubling the tax amounts in this table. For example, if total wages of \$113 are paid during the quarter, the employee tax is \$4.75 (\$4.20 tax for \$100 wages plus \$0.55 tax for \$13 wages). The tax on Form 942 may be reported as double the amount of the employee tax, or \$9.50 (\$4.75 employee tax plus \$4.75 employer tax).

14. Employer's Record of Wages Paid

When you fill in your quarterly returns, you will wish to record the information shown on them. Here is a convenient place for doing so. (See section 10.)

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (8.4 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (8.4 percent)		

Calendar Quarter:		Date Filed:
Employee Number	Employee Name	Cash Wages
		\$
Total Cash Wages		\$
Tax (8.4 percent)		



UNIVERSITY OF ILLINOIS-URBANA



3 0112 063918277

TREASURY DEPARTMENT  
T DIRECTOR OF INTERNAL REVENUE

OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
INTERNAL REVENUE SERVICE